

# SRI NACHAMMAI COTTON MILLS LIMITED,

Registered Office :  
30, Sugavaneswara Road, Balaji Nagar,  
Post Box No. 418, SALEM-636 004.

Our Ref: \_\_\_\_\_

Dated: \_\_\_\_\_

## AMENDMENTS TO EQUITY LISTING AGREEMENT FORM A

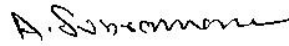
1. Name of the Company : Sri Nachammai Cotton Mills Limited
2. Annual Financial statements : 30<sup>th</sup> June, 2014
3. Type of Audit observation : Un-qualified
4. Frequency of observation : Not Applicable
5. To be signed by **For Sri Nachammai Cotton Mills Ltd.,**

Chairman cum Managing  
Director - Sri P. Palaniappan



**Chairman Cum Managing Director.**  
For Sri Nachammai Cotton Mills Ltd.

CFO - Sri A. Subramanian

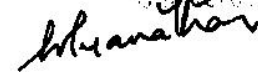


Chief Financial Officer.

For M.S. JAGANNATHAN & VISVANATHAN

Auditor of the Company  
M/S. M.S. Jagannathan &  
Visvanathan  
Chartered Accountants, Coimbatore

GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
REGD. NO. 12345



Audit Committee, Chairman-  
Perumal Madhavagopal



for

Perumal

# **SRI NACHAMMAI COTTON MILLS LIMITED**



**34<sup>th</sup> ANNUAL REPORT 2013 - 2014**



# SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.  
CIN No. L17115TZ1980PLC000916 Phone No. 0427-2331879, Fax No. 0427-2331951  
E-mail : [sncm@rediffmail.com](mailto:sncm@rediffmail.com), Website : [www.sncmindia.com](http://www.sncmindia.com)

## **BOARD OF DIRECTORS**

**Chairman cum Managing Director**

Shri P. Palaniappan

**Joint Managing Director**

Smt. P. Umayal

**Directors**

Shri A. Annamalai  
Smt. RM. Umaiyal  
Shri A. Alagappan  
Shri Perumal Madhavagopal  
Shri PL. Subbiah  
Shri S. Ravichandran  
Smt. Vasantha

## **AUDITORS**

Messrs. M.S.Jagannathan & Visvanathan  
Chartered Accountants, Coimbatore - 641 030

## **INTERNAL AUDITOR**

Shri PL.Arumugam  
Chartered Accountants, Salem - 636 004

## **BANKERS**

Indian Overseas Bank  
Salem Main Branch, Salem - 636 001

## **REGISTRAR AND SHARE TRANSFER AGENTS**

Cameo Corporate Services Limited  
'Subramanian Building'  
No. 1, Club House Road, Chennai - 600 002

## **COMPANY SECRETARY**

Miss. Cynthia. S

## **CHIEF FINANCIAL OFFICER**

Shri A. Subramanian

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<b>Contact Details</b>	
<b><u>Registered Office</u></b>	30, Sugavaneswara Road Balaji Nagar Salem - 636 004
<b><u>Mills at</u></b>	Near Railway Station Chettinad - 630 102 Sivaganga District
<b><u>Phone Numbers</u></b>	0427-2331879, 2330847 2330466
<b><u>Fax</u></b>	0427 - 2331951
<b><u>E-mail</u></b>	<a href="mailto:sncm@rediffmail.com">sncm@rediffmail.com</a>
<b><u>Website</u></b>	<a href="http://www.sncmindia.com">www.sncmindia.com</a>



# SRI NACHAMMAI COTTON MILLS LIMITED

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Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.  
CIN No. L17115TZ1980PLC000916 Phone No. 0427-2331879, Fax No. 0427-2331951  
E-mail : [sncm@rediffmail.com](mailto:sncm@rediffmail.com), Website : [www.sncmindia.com](http://www.sncmindia.com)

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting will be held on, Wednesday, 10<sup>th</sup> December, 2014 at 10.15 A.M at Sarathy Classics, 8/3, Park Street, Fairlands, Salem- 636016 to transact the following business. All the Shareholders are requested to attend the same.

### ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> June, 2014, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. RM. Umaiyal (DIN. 02196664), Director who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s),

"RESOLVED THAT pursuant to Section 139 and provisions, if any, of the Companies Act, 2013. (corresponding to Section 224, and other applicable provisions, if any of the Companies Act, 1956) M/S. M.S.Jagannathan & Visvanathan, Chartered Accountants (Registration No. 001209S) be and are hereby re-appointed as Auditors of the Company, to hold office for a period of one year from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors in consultation with the Auditors, plus applicable service tax and re-imbursement of travelling and out of pocket expenses incurred by them for the purpose of audit".

### SPECIAL BUSINESS :

4. To consider and if thought fit, to pass the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Sri P.Palaniappan (DIN 01577805) as a Chairman Cum Managing Director of the Company, for a period of 5 (five) consecutive years with effect from 19.12.2014 to 18.12.2019 on the following remuneration, perquisites and other terms and conditions as recommended by Nomination and Remuneration Committee".

### I Salary

Rs. 1,25,000/- p.m (Rupees One Lakh and Twenty Five Thousand only)

### II Commission

Commission computed on the basis of 5% of the net profit of the company as reduced by their aggregate remuneration by way of salary and perquisites (exclusive of perquisites not to be included in the computation of ceiling on remuneration in Section II of Part II of Schedule V).

### III Perquisites

- a) The Chairman cum Managing Director shall be eligible to the following perquisites, which are not to be included in the computation of the ceiling on remuneration specified in Section IV of Part II of Schedule V to the Companies Act, 2013.
  - i) Contribution to Provident Fund and Superannuation Fund to the extent these either singly or partly together are not taxable under the Income Tax Act, 1961.
  - ii) Encashment of leave at the end of tenure.

### b) Housing

The Chairman cum Managing Director shall be entitled to house rent allowance subject to the ceilings. Sixty percent of the salary, over and above ten percent payable by the Chairman cum Managing Director.

### c) Gas, Electricity, Water and Furnishings

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Act, 1961. This shall, however be subject to a ceiling of 10% of the salary of the Chairman cum Managing Director.

### d) Medical Reimbursement

Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year.

### e) Leave Travel Concession

For self and family once in a year incurred in accordance with the rules of the Company.

### f) Club Fees

Fees for clubs, subject to a maximum of two clubs, excluding admission and life membership fees.

### g) Personal Accident Insurance

Premium not to exceed Rs. 10,000/-per annum.



## h) Car

Car with driver for use on Company's business and telephone at residence. Personal long distance calls and use of car for private purpose shall be billed by the Company.

## i) Other terms and Conditions:

- (a) The salary, commission and perquisites shall be subject to the overall ceiling under Sections 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013.
- (b) In the event of Loss or inadequacy of profits in any financial year during the tenure of Chairman cum Managing Director, he shall be paid the salary and perquisites as specified above as the minimum remuneration, in terms of the provisions of Schedule V to the Companies Act, 2013 as modified from time to time and subject further to the perquisites for the purpose of ceiling being reckoned exclusive of the specified perquisites in Section IV of Part II as aforesaid.

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Smt. P.Umayal (DIN 00110260) as Joint Managing Director of the Company, for a period of 5 (five) consecutive years with effect from 19.12.2014 to 18.12.2019 on the following remuneration, perquisites and other terms and conditions as recommended by Nomination and Remuneration Committee".

## I Salary

Rs. 1,25,000/-p.m (Rupees One Lakh and Twenty five thousand only).

## II Commission

Commission computed on the basis of 5% of the net profit of the Company as reduced by their aggregate remuneration by way of salary and perquisites (exclusive of perquisites not to be included in the computation of ceiling on remuneration in Section II of Part II of Schedule V).

## III Perquisites

- a) The Joint Managing Director shall be eligible to the following perquisites, which are not to be included in the computation of the ceiling on remuneration specified in Section IV of Part II of Schedule V to the Companies Act, 2013.

- i) Contribution to Provident Fund and Superannuation Fund to the extent these either singly or partly together are not taxable under the Income Tax Act, 1961.

- ii) Encashment of leave at the end of tenure.

## b) Housing

The Joint Managing Director shall be entitled to house rent allowance subject to the ceilings. Sixty percent of the salary, over and above ten percent payable by the Joint Managing Director.

## c) Gas, Electricity, Water and Furnishings

The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Act, 1961. This shall, however, be subject to a ceiling of 10% of the salary of the Joint Managing Director.

## d) Medical Reimbursement

Medical expenses incurred for self and family subject to a ceiling of one month's salary in a year.

## e) Leave travel Concession

For self and family once in a year incurred in accordance with the rules of the Company.

## f) Club Fees

Fees for clubs, subject to a maximum of two clubs, excluding admission and life membership fees.

## g) Personal Accident Insurance

Premium not to exceed Rs. 10,000/- per annum.

## h) Car

Car with driver for use on Company's business and telephone at residence. Personal long distance calls and use of car for private purpose shall be billed by the Company.

## i) Other terms and Conditions

- (a) The salary, commission and perquisites shall be subject to the overall ceiling under Sections 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013.
- (b) In the event of Loss or inadequacy of profits in any financial year during the tenure of Joint Managing Director, she shall be paid the salary and perquisites as specified above as the minimum remuneration, in terms of the provisions of Schedule V to the Companies Act, 2013 as modified from time to time and subject further to the perquisites for the purpose of ceiling being reckoned exclusive of the specified perquisites in Section IV of Part II as aforesaid.



**6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.**

**RESOLVED** that pursuant to Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Mr. PL.Subbiah (DIN 02131140)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from December 10<sup>th</sup>, 2014 to December 09<sup>th</sup>, 2019.

**7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

**RESOLVED** that pursuant to Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Mr. Perumal Madhavagopal (DIN 00363963)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from December 10<sup>th</sup>, 2014 to December 09<sup>th</sup>, 2019.

**8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

**RESOLVED** that pursuant to Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Mr. A.Alagappan (DIN 00363600)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from December 10<sup>th</sup>, 2014 to December 09<sup>th</sup>, 2019.

**9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

**RESOLVED** that pursuant to Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Mr. S.Ravichandran. (DIN 00759455)**, a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for

independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from December 10<sup>th</sup>, 2014 to December 09<sup>th</sup>, 2019.

**10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

**RESOLVED** that pursuant to Sections 149, 150, 152 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, **Mrs. Shantha Radhakrishnan (DIN 06976554)**, a non-executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from December 10<sup>th</sup>, 2014 to December 09<sup>th</sup>, 2019.

**11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution**

**RESOLVED** that pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, **Mrs.Vasantha (DIN 00627405)** who was appointed as an Additional director of the Company by the Board of Directors with effect from 21<sup>st</sup> August, 2014, and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of director, be and is hereby appointed as a Director with effect from December 10<sup>th</sup>, 2014 and is liable to retire by rotation.

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.



2. The Register of Members and Share Transfer books of the Company shall remain closed from **4th December, 2014 to 10th December 2014** (both days inclusive).
3. Information as required under Clause 49 of the Listing Agreement in respect of re-appointment of Directors are provided in the Annexure to the Notice.
4. Members holding shares in Physical form are requested to intimate immediately, any changes in their address to the Company's Share Transfer Agent, M/S. Cameo Corporate Services Limited., 'Subramanian Building', No.1 Club House Road, Chennai - 600 002 and members holding shares in dematerialisation form may inform the same to their respective Depository Participant.
5. Members who hold shares in physical form in multiple folios and/or in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agents, for consolidation into a single folio.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Account (s). Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent.
7. Copies of the Annual Report 2014, the Notice of the 34th Annual General Meeting of the company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by permitted mode.
8. Members may also note that the Notice of the 34th Annual General Meeting and the Annual Report 2014 will be available on the Company's website, **www.sncmindia.com**. The physical copies of the aforesaid documents will also be available at the Company's Registered office for inspection during normal business hours on working days. Members who require communication, or have any other queries, may write to us at: **sncm@gmail.com**
9. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in Demat form to enable the Company to serve documents in electronic form.
10. Any member who needs any clarification on accounts or operations of the Company shall write to the Company Secretary, to so as to reach her atleast 7 days before the meeting, so that the information required can be provided.
11. Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their right to vote at the Annual General Meeting by Electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, a postal ballot Form is annexed, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice. A member desiring to exercise vote by postal ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Mr.M.R.L.Narasimha, Practising Company Secretary, C/O. Sri Nachammai Cotton Mills Limited, Salem so as to reach him on or before **3rd December, 2014 by 5.00 p.m.** Any Ballot Form received after the said date shall be treated as if the reply from the members has not been received. Kindly note that members can opt for only one mode of voting i.e., either by postal ballot or e-voting. If members are opting for e-voting then do not vote by postal ballot or vice versa.

However, in case of Members casting their vote by both postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by Physical Ballot will be treated as invalid.

**The instructions for members for voting electronically are as under:- In case of members receiving e-mail:**

The voting period begins on **1<sup>st</sup> December, 2014 (9:00 a.m) and ends on 3<sup>rd</sup> December, 2014 (5:00 p.m.)** During this period, shareholders of the Company holding shares either in physical form or in Dematerialized form, as on the cut-off date of **31st October, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, then the shareholder shall not be allowed to change it subsequently.

  - i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - ii) Click on "Shareholders" tab.
  - iii) Now Select "Sri Nachammai Cotton Mills Limited " from the drop down menu and click on "SUBMIT".

- a) Now enter your User ID.
- i) CDSL : 16 digits beneficiary ID.
- ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID.
- iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.
- b) Next enter the Image verification as displayed and click on Login.
- iv) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- v) Now, fill up the following details in the appropriate boxes:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric "PAN" issued by Income Tax Department (Applicable for both demat shareholders as well as Physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 Digits of the sequence number in the PAN field.</p> <p>* In case the sequence number is less than 8 digits enter the applicable Number of 0's before the number after the first two characters of the name in CAPITAL letters. Sequence Number has been provided as Sl.no. in the address label.</p> <p>Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>

After entering these details appropriately, click on "SUBMIT" tab.

Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting on resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- vi) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in the Notice of AGM
- vii) Click on the EVSN of "Sri Nachammai Cotton Mills Limited" on which you choose to vote.

- viii) On the voting page, you will see Resolution Description and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution
- ix) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- x) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xii) You can also take a print out of the voting done by you by clicking on "Click here to print" option on the voting page.
- xiii) If Demat account holder has forgotten the password then Enter User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xiv) Note for Institutional Shareholders

- \* Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log in to <https://www.evotingindia.co.in> and register themselves as Corporates.
- \* A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- \* After receiving the login details they have to create a compliance user should be created who would be able to link the account(s) for which they wish to vote on.
- \* The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- \* A scanned copy of the Board Resolution and Power of Attorney(POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

### In case of members receiving the Physical copy:

- A. Please follow all steps from sl. No (i) to (xiv) above to cast vote.
- B. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- C. Mr.M.R.L. Narasimha, Company Secretary in Practice, Coimbatore (Membership No. 2851, CP No. 799) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.





In case of members desiring to exercise vote by Postal Ballot:

A member desiring to exercise vote by Postal Ballot should complete the Postal Ballot Form and send it to the Scrutinizer, which shall be properly sealed.

Members are requested to read the instructions contained on the backside of the Postal Ballot Form and follow the same.

As the company has provided e-voting / Postal Ballot voting in terms of Clause 35B of the Listing Agreement, Members may please note that there will be only one mode of voting either through e-voting or by Postal Ballot. The Scrutinizer will collate the votes cast by e-voting and Postal Ballot to declare the final result for each of the Resolutions forming part of the Notice of Annual General Meeting.

Salem  
21st August, 2014

By Order of the Board,  
P.Palaniappan,  
Chairman cum Managing Director.

## **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013.**

### **Item Nos. 4 & 5**

Sri P.Palaniappan was appointed as Chairman cum Managing Director and Smt. P. Umayal, was appointed as Joint Managing Director for a period of one year with effect from 19.12.2013 by the Board of Directors at their Meeting held on 22.08.2013 and their period of tenure expires on 18.12.2014.

As recommended by the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 21.08.2014 re-appointed them as Chairman cum Managing Director and Joint Managing Director respectively for a period of Five (5) consecutive years with effect from 19.12.2014 to 18.12.2019 on the same remuneration and perquisites and other terms and conditions as set out in the resolutions.

Sri P. Palaniappan has rich experience in the varied fields of technical, financial, marketing and cotton purchase management.

Smt. P. Umayal has rich experience in cotton selection, procurement and purchase and overall administration of the Company. Their experience will be highly beneficial to the Company.

The proposed re-appointment, remuneration and perquisites are within the limits prescribed in the Schedule V of the Companies Act, 2013 and require the approval of the Shareholders as per the provisions of the Companies Act, 2013. Accordingly, the resolution set out in item nos. 4 & 5 are recommended by the Nomination and Remuneration Committee and the Board of Directors for approval of this General Meeting.

Sri P.Palaniappan and Smt. P. Umayal are concerned or interested in the above re-appointment as it relates to their re-appointment and remuneration and Smt. RM. Umayal is interested being related to Sri P. Palaniappan and Smt. P. Umayal.

### **ITEM NOS. 6, 7, 8, 9 & 10**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchange, appointed Mr. PL.Subbiah, Mr. Perumal Madhavagopal, Mr. A.Alagappan and Mr. S.Ravichandran and shall appoint Mrs. Shantha Radhakrishnan as Independent Directors, in compliance with the requirements of Clause 49.

Pursuant to the provisions of Section 149 of the Act, which came in to effect from April 1<sup>st</sup>, 2014, every Listed Public Company is required to have at least one-third of the total number of directors as Independent directors, who are not liable to retire by rotation.

The Audit Committee has recommended the appointment of these directors as Independent Directors from December 10<sup>th</sup> 2014 to December 9<sup>th</sup>, 2019. Mr.PL.Subbiah, Mr. Perumal Madhavagopal, Mr. A. Alagappan, Mr. S.Ravichandran and Mrs. Shantha Radhakrishnan, Non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval. The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

### **ITEM NO. 11**

Mrs. Vasantha (Din. 00627405) was appointed as an additional Director by the Board of Directors with effect from 21st August, 2014 to hold office until this Annual General Meeting. The Company has received a notice in writing from one of its member, alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Mrs. Vasantha to be appointed a Director of Company. Hence, the Board has resolved to appoint Mrs. Vasantha to be a Director of the Company with effect from December 10th, 2014.



# SRI NACHAMMAL COTTON MILLS LIMITED

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## Profile of the Directors:

### 1. Mr. PL. Subbiah, Independent Director

Born on 12/04/1956 he completed his B.E. (ECE) in the year 1990 and since then has worked in the electronic industry for about 22 years. He was first recruited as a senior Engineer in Rawmat Electronics - Singapore from 1990-1994 and then underwent training in Ireland and Germany for designing Power transformers and magnetic components and had helped to set up a production unit in Czech Republic. Later in the year 1997-2000, he had held the position of Director - Indian operations in Talema Electronic India Pvt Ltd (Subsidiary of Talema Group - Germany) and as a project manager in the year 2000-2001 in Burr Brown - A unit of Texas Instruments. He was the Managing Director of GT Electronic India Pvt Ltd, Pondicherry during the year 2001-2005 and in Talema Electronic India Pvt Ltd from 2005-2011 respectively. At present, he is the Managing Director of Egston Electronic India Pvt Ltd.

### 2. Mr. Perumal Madhavagopal, Independent Director

Born on 06/02/1944, he completed his Diploma in Textile Manufacturing in Coimbatore and has a Diploma in Textile Technology from British Institute of Education, London. He is carrying on the Business of Manufacturing of Handloom Cloth and is also a dealer of Gold Thread (Jari) and a Distributor of Electronic Entertainment Equipments.

### 3. Mr. A. Alagappan, Independent Director

Born on 07/07/1956, he graduated in Business Administration from Madurai University in the year 1978 and thereafter he carried on his family business of coffee Cultivation and Consumer products distribution for more than two decades. He has served as the President of Thanjavur Chamber of Commerce & Industry. At present, he is the Managing trustee of Wisdom Foundation, an educational trust established to impart education to the younger section of the Society and is also the Founder Director of Blossom Public School, Thanjavur and is the Director of Alagu Human Resources Development Enterprise.

### 4. Mr. S. Ravichandran, Independent Director

Born on 23/01/1946 he is a graduate in Chemical Engineering and a post graduate in Business Administration with well over 40 years of professional experience. He has been associated with Textile Industry since 1979 as a distributor of Textile machinery accessories.

### 5. Mrs. Shantha Radhakrishnan, Independent Director

Born on 13/08/1947, she is a Doctor by profession holding a degree in Medicine (M.B.B.S) and has completed DCH in London, having 35 years of professional experience.

The Company has received notices in writing along with a deposit of Rs.1,00,000/- each from members under the provisions of Section 160 of the Act, proposing the candidature of Mr. PL. Subbiah, Mr. Perumal Madhavagopal, Mr. A. Alagappan, Mr. S. Ravichandran and Mrs. Shantha Radhakrishnan as Directors. In the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in the Act and rules made there under and they are independent of the Management.

None of the Directors other than Mr. PL. Subbiah, Mr. Perumal Madhavagopal, Mr. A. Alagappan, Mr. S. Ravichandran and Mrs. Shantha Radhakrishnan are interested in the resolutions as set out in the items nos. 6, 7, 8, 9 & 10.

Salem  
21st August, 2014

By Order of the Board,  
P. Palaniappan,  
Chairman cum Managing Director.

## Details of Directors seeking appointment/and re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement

1. Name	: Shri Perumal Madhavagopal
DIN No.	: 00363963
Date of Birth	: 06.02.1944
Nationality	: Indian
DOA on the Board	: 28.01.2001
Relation with other Director	: None
Qualification	: LTM
Experience	: 44 Years
No. of Shares held	: 100
List of Directorships held in other Companies	: Supreme Yarn Spinners Limited Sree Rajendra Mills Limited
Chairman/Member of the Committees of the Board of other Companies in which he / she is Director	: Audit Committee, Nomination and Remuneration Committee, Share Transfer Committee and Stake holders Grievance Committee



# SRI NACHAMMAI COTTON MILLS LIMITED

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2. Name : **A. Alagappan**  
 DIN No. : 00363600  
 Date of Birth : 07.07.1956  
 Nationality : Indian  
 DOA on the Board : 29.09.1996  
 Relation with other Director : None  
 Qualification : BBA  
 Experience : 33 Years  
 No. of Shares held : 100  
 List of Directorships held in other Companies : Nil  
 Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Audit Committee, Nomination and Remuneration Committee

3. Name : **S. Ravichandran**  
 DIN No. : 00759455  
 Date of Birth : 23.01.1946  
 Nationality : Indian  
 DOA on the Board : 27.08.2010  
 Relation with other Director : None  
 Qualification : B.E., M.B.A.  
 Experience : 35 Years  
 No. of Shares held : 8234  
 List of Directorships held in other Companies : Nil  
 Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Stake holders Grievance Committee, Audit Committee, Nomination and Remuneration Committee and Share Transfer Committee

4. Name : **PL. Subbiah**  
 DIN No. : 02131140  
 Date of Birth : 12.04.1969  
 Nationality : Indian  
 DOA on the Board : 27.08.2010  
 Relation with other Director : None  
 Qualification : B.E.  
 Experience : 20 Years  
 No. of Shares held : Nil  
 List of Directorships held in other Companies : Egston Electronics (India) Limited  
 Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Nil

5. Name : **RM. Umaiyal**  
 DIN No. : 02196664  
 Date of Birth : 21.10.1927  
 Nationality : Indian  
 DOA on the Board : 18.08.1982  
 Relation with other Director : P. Palaniappan - Sister  
 Qualification : Nil  
 Experience : 31 Years  
 No. of Shares held : 1000  
 List of Directorships held in other Companies : Supreme Yarn Spinners Limited  
 Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Nil

6. Name : **Vasanth**  
 DIN No. : 00627405  
 Date of Birth : 28.04.1946  
 Nationality : Indian  
 DOA on the Board : 21.08.2014  
 Relation with other Director : None  
 Qualification : S.S.L.C.  
 Experience : 25 Years  
 No. of Shares held : Nil  
 List of Directorships held in other Companies : Supreme Yarn Spinners Limited  
 Chairman/Member of the Committees of the Board of other Companies in which he / she is Director : Nil

Salem  
 21st August, 2014

By Order of the Board,  
 P.Palaniappan,  
 Chairman cum Managing Director.



## REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors are hereby presenting this 34th Annual Report together with the Audited Statement of Accounts for the Year ended 30<sup>th</sup> June, 2014.

### FINANCIAL RESULTS FOR THE YEAR

The financial results for the year under review are furnished below:

Particulars	30.06.2014	30.06.2013
<b>Profit before Interest and Depreciation</b>	<b>13,75,26,303</b>	<b>13,98,33,855</b>
Interest	-6,19,13,960	-6,49,39,149
Depreciation	-3,98,42,234	-3,94,27,398
<b>Profit before tax</b>	<b>3,57,70,109</b>	<b>3,54,67,308</b>
Tax expense:		
Deferred Tax (Liability) / Asset	-90,10,145	-2,99,823
Excess income tax provision reversed	-	2,69,152
Income tax paid for prior year	-6,68,501	-
<b>Profit transferred to Balance Sheet</b>	<b>2,60,91,463</b>	<b>3,54,36,637</b>

**Dividend :** Due to inadequacy of Profit, the Company is unable to declare any Dividend for the year 2013-14.

### REVIEW OF OPERATIONS

The Company turned around during the current year with a Net Profit before tax being Rs. 357.70 lakhs as compared to Net Profit before tax being Rs. 354.67 lakhs during the year 2012-13.

During the current year, the company is expected to improve its performance.

**FIXED DEPOSITS :** Your Company has not accepted any fixed deposit from public, after 01.04.2014, in accordance with the New Companies Act, 2013.

### NEW COMPANIES ACT, 2013

The Ministry of Corporate Affairs has replaced the erstwhile Companies Act, 1956, with the new Companies Act, 2013.

**DIRECTORS :** As per Section 149 and other applicable provisions of the Companies Act, 2013 and Clause 49 (ii) of the Listing Agreement, appointment of Independent Directors is required.

The Companies Act, 2013 ("the Act") provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Act (effective from April 1<sup>st</sup>, 2014) provides that an Independent Director shall hold office for a term up to five (5) consecutive years on the Board of the Company.

The tenure of office of Shri P.Palaniappan, Chairman cum Managing Director and Smt. P.Umayal, Joint Managing Director expires on 18<sup>th</sup> December, 2014. The Board of Directors, at their meeting held on 21<sup>st</sup> August, 2014, re-appointed them as Chairman cum Managing Director and Joint Managing Director of the Company respectively for a period of five (5) consecutive years effective from 19.12.2014 to 18.12.2019. Their appointment and remuneration are being placed before you at the ensuing Annual General Meeting for your consideration and approval.

Smt. RM. Umayal, Director is liable to retire by rotation and is eligible for re-appointment. Smt. Vasantha, was appointed as an Additional Director of the Company with effect from 21.08.2014.

A brief resume, expertise, shareholding in the company and details of other entities in which the Directors are interested as stipulated under Clause 49 of the Listing Agreement entered with the Stock Exchange, form part of the Notice of the ensuing Annual General Meeting.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as directors as required by the Companies Act.





## REPORT OF BOARD OF DIRECTORS (Contd...)

### DIRECTORS RESPONSIBILITY STATEMENT

As per Section 217(2AA) of the Companies Act, 1956, the Board of Directors states that in the preparation of Annual Accounts for the year ended **30.06.2014**:

1. That the applicable accounting standards have been followed and there are no material departures.
2. That the Directors have selected such accounting policies in consultation with the statutory auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended **30.06.2014** and of the **PROFIT** of the Company for that year.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors have prepared the Annual Accounts for the year ended **30.06.2014** on a going concern basis.

### CORPORATE GOVERNANCE

Reports on Management Discussion and Analysis and Corporate Governance along with a certificate from the auditors of the Company regarding compliance in accordance with Clause 49 of the Listing Agreement with Stock Exchange are annexed as part of the Annual Report.

### LISTING

The Equity Shares of the Company are listed in Mumbai Stock Exchange and the Company has duly paid the Annual listing fees for the year 2014-15.

M/s. Cameo Corporate Services Limited, Chennai is the Registrar for providing depository services through National Securities Depository Limited (**NSDL**) and Central Depository Services (India) Limited (**CDSL**), for holding Shares in Electronic mode (De-mat) of our Shareholders and is also the Registrar for Share Transfer Services for physical segment.

### AUDITORS

**M/s. M.S.Jagannathan & Visvanathan**, Auditors retire at the ensuing Annual General Meeting and they are eligible for reappointment.

### PARTICULARS OF EMPLOYEES

In accordance with Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended, there are no employees who are in receipt of remuneration of Rs. 60 lakhs or more per annum and Rs.5 lakhs or more per month.

### STATEMENT SHOWING DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, a Statement showing details of conservation of Energy, Technology absorption, Exports and Foreign Exchange earning and outgo is annexed to this report.

### ACKNOWLEDGEMENTS

Your Directors wish to place on record their deep sense of appreciation for the tremendous support from the Bankers M/s. Indian Overseas Bank, the shareholders, and all our suppliers and customers. The Board also wishes to place on record their appreciation for the contribution made by the employees at all levels.

Salem  
21st August, 2014

For and on behalf of the Board of Directors  
**P.PALANIAPPAN**  
Chairman cum Managing Director



## ANNEXURE TO DIRECTOR'S REPORT

Particulars pursuant to Section 217(1)(c) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY

- Conservation of energy receives top most priority due to energy quota restrictions and high costs.  
The Company continuously monitors the energy usage in all its Units on a weekly basis and in depth studies are carried out.
- Additional investments and proposals, if any, being implemented for reduction of consumption of energy will be an ongoing process.
- Impact of measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

### FORM A

Form for disclosure of particulars with respect to Conservation of Energy.

	<u>Current Year Ended</u> 30.06.2014	<u>Previous Year Ended</u> 30.06.2013
<b>POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
(a) Purchased		
Units	3,24,80,067	2,12,61,961
Total Amount (Rs.)	21,07,08,198	15,46,09,602
Rate Per unit (Rs.)	6.49	7.27
(b) Own Generation		
(i) Through Diesel Generator		
Units	7,29,292	73,85,714
Units per litre of Diesel	3.42	3.49
Cost/Unit (Rs.)	16.55	13.56
(ii) Through Steam Turbine / Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other/Internal Generation	Nil	Nil
Yarn produced (kgs)	88,32,252	77,66,656
Electricity Consumed (Units)	3,32,09,359	2,86,47,675
Electricity Consumed per Kg. of Yarn (Units)	3.76	3.69

### B. PARTICULARS OF TECHNOLOGY ABSORPTION

The Company has no R & D Division. The Company is a member of South India Textile Research Association and gets the benefits of their research.

### C. PARTICULARS ON FOREIGN EXCHANGE EARNINGS AND OUTGO

#### EARNINGS

Direct Exports	Rs.	Nil	Rs.	Nil
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#### OUTGO

Import of Spares	Rs.	36,52,322	Rs.	25,48,373
Import of Capital Goods	Rs.	41,98,120	Rs.	Nil
Import of Raw Material	Rs.	23,09,16,251	Rs.	18,00,14,277
	Rs.	<u>23,87,66,693</u>	Rs.	<u>18,25,62,650</u>

For and on behalf of the Board of Directors

**P.PALANIAPPAN**

Chairman cum Managing Director

Salem

21st August, 2014



## MANAGEMENT DISCUSSION AND ANALYSIS

### A. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Textile Industry is the largest employer of workforce after agriculture. It plays a crucial role in the Indian economy. Its importance to the Indian economy is recognised for its significant contribution to Industrial production and export earnings. The Indian Spinning sector is largely organised and continues to be a predominant supplier of cotton yarn in the world. The cotton yarn manufactured by the Indian spinning mills is said to be among the best in the world.

The demand for Indian yarn was good for the accounting year 2013-14. However, the yarn prices couldn't be increased corresponding to the increase in cotton prices, due to increase in yarn production throughout the world.

### B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

The International cotton prices are lower to the Indian cotton prices. Hence, mills have started importing cotton. Due to sudden drop in prices in the cotton futures market, there is a lot of confusion in the yarn market and the buyers are demanding lower prices for yarn, even though the cotton was bought at higher rates. This is putting pressure on the margins of the spinning mills.

### C. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

At present, the segmental reporting is not applicable to the company as it operates only in single reportable business i.e. "Textiles"

### D. OUTLOOK:

Cotton prices are falling rapidly hence, yarn prices are also falling. Since the spinning industry needs to buy cotton upfront for a couple of months, the spinning mills are facing losses due to reduction in yarn prices inspite of yarn being made out of costlier cotton. But, post Diwali we expect to do well because, cotton will be available for yarn production at lower and stable prices.

### E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition. All the transactions are authorised, recorded and reported correctly.

### F. FINANCIAL AND OPERATIONAL PERFORMANCE:

Please refer Board Report on financial and operational performance review.

### G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:

The Company has been conducting training & motivational programmes for both the management staff and the workers. The purpose is to increase the competency levels in the organization. The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people.

### H. CAUTIONARY STATEMENT:

Certain statements made in the Management Analysis and Report relating to company's outlook, expectations, etc. may constitute forward looking statements within the meaning of the applicable laws and regulations. Actual results may vary from outlook, expectations etc, whether express or implied. Several factors could make a significant difference to the Company's operations which may include climate conditions, economic conditions affecting demand and supply, Government regulations, natural calamity, etc. over which the company does not have any control.

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Corporate Governance

The Company's philosophy on corporate governance is to ensure that its obligations are discharged in a fair and transparent manner and to enhance the value of all its stakeholders. The Directors and the Management of the Company are committed to maintain high standards of corporate governance in conducting its business and ensure that an effective self regulatory mechanism exists to protect the interest of all the stakeholders.

### 2. Board of Directors

The Board of Directors is committed to ethical and lawful conduct of the business. They provide leadership and strategic guidance on the affairs of the Company.

The Company follows the practice of fixing the Board Meetings well in advance to ensure maximum attendance of all Directors. The Board is provided with information, apart from key activities of the business, on other matters concerning the Company, including Statutory Compliance, Risk Management etc.,

### 3. Composition

In conformity with the provisions of the Companies Act, 1956 and the Listing Agreement, the Board of Directors of the Company is constituted with an appropriate mix of Executive and Non Executive Directors as well as combination of Independent and Non Independent Directors.

### 4. Board Meeting and Attendance

During the accounting year 2013-2014, 5 Board Meetings were held on 22<sup>nd</sup> August 2013, 31<sup>st</sup> October 2013, 29<sup>th</sup> January 2014, 29<sup>th</sup> April 2014 and 25<sup>th</sup> June, 2014.

Details of composition of the Board, category, attendance of Directors at Board Meetings and the last Annual General Meeting, number of other directorships and other committee memberships are given below:

Sl. No.	Name of the Director	Category of Directorship	Number of Board Meetings attended	Attendance at last AGM	No. of other Directorships as on 30 <sup>th</sup> June, 2014*	No. of other Committee	
						Member-ships	Chairman/ Vice chairmanships
1.	Shri P. Palaniappan (Chairman cum Managing Director)	ED(P)	5	Yes	-	1	-
2.	Smt. P. Umayal (Joint Managing Director)	ED(P)	5	Yes	1	1	-
3.	Smt. RM. Umaiyal	NED(P)	5	Yes	1	-	-
4.	Shri A.Annamalai (Director **)	NED(I)	5	Yes	1	-	-
5.	Shri A. Alagappan	NED(I)	2	No	-	-	2
6.	Shri Perumal Madhava Gopal	NED(I)	5	Yes	2	1	3
7.	Shri S. Ravichandran	NED(I)	5	No	-	3	1
8.	Shri PL.Subbiah	NED(I)	3	Yes	1	-	-
9.	Smt. Vasantha ***	NED(I)	-	-	1	-	-

ED(P) – Executive Director – Promoter

NED(P) – Non Executive Director - Promoter

\* Including Directorship in Private Limited Companies.

\*\* Shri A.Annamalai - He was appointed as Whole Time Director upto 20.08.2014 and consequently there was a Change in his designation from Whole Time Director to Director w.e.f. 21.08.2014.

\*\*\* Smt. Vasantha was appointed as an Additional Director w.e.f. 21.08.2014

### 5. Audit Committee

The Audit Committee of the Company is constituted in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange.

Terms of reference : To Oversee the Company's financial reporting process, internal control systems, reviewing the accounting policies and practices, ensuring that the financial statements are correct, sufficient and credible, reviewing with management, the annual financial statements for submission to the Board, reviewing the internal audit observations and actions taken thereon, ensuring compliance with stock exchange and other legal requirements and also recommending the appointment and removal of external auditors, fixing of audit fee and approval of payment for any other services. The composition, role, functions and powers of the audit committee are in consonance with the requirements of applicable laws, rules and regulations.



## REPORT ON CORPORATE GOVERNANCE (Contd...)

All the members of the Audit Committee are independent and have knowledge of finance, accounts and textile industry. The quorum for audit committee meeting is two independent Directors.

The Chairman of the audit committee, Sri Perumal Madhavagopal was present at the last Board meeting.

During the Accounting year 2013-2014, Four (4) meetings of the Committee were held on **22<sup>nd</sup> August, 2013, 31<sup>st</sup> October, 2013, 29<sup>th</sup> January, 2014 and 29<sup>th</sup> April, 2014.**

Details of composition of the Committee and attendance of the members at the meetings are given below:

Sl. No.	Name	Designation	Category	No. of Meetings attended
1.	Shri Perumal Madhavagopal	Chairman	Non executive - Independent	4
2.	Shri A. Alagappan	Vice-Chairman	Non executive - Independent	2
3.	Shri S. Ravichandran	Member	Non executive - Independent	4

The Chairman cum Managing Director is a permanent invitee to the Meetings. Head of Accounts, Internal Auditor and the Statutory Auditors were also invited to attend the Meeting. The minutes of the audit committee meetings were placed at the Board Meeting.

## 6. Nomination and Remuneration Committee

Terms of reference:

The Committee is entrusted to determine and recommend to the Board, the remuneration including commission, perquisites and benefits payable to the Executive Directors based on overall performance and financial results of the Company. The Committee will also determine the sitting fees payable to the Directors, in accordance with the guidelines laid out by the statutes and the Listing Agreement.

Details of composition of the Committee is given below:

Sl. No.	Name	Designation	Category
1.	Shri Perumal Madhavagopal	Chairman	Non executive - Independent
2.	Shri A. Alagappan	Vice-Chairman	Non executive - Independent
3.	Shri S. Ravichandran	Member	Non executive - Independent

The remuneration payable to the Executive Directors is determined by the Board on the recommendation of the Nomination and Remuneration Committee. The remuneration so approved is subject to the approval of the Shareholders at the General Meeting and such other authorities as the case may be.

The company does not have employees stock option scheme.

The Remuneration paid/payable to the Executive Directors of the Company for the year ended 30<sup>th</sup> June, 2014.

Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites and Others (Rs.)	Total	Service Contract
Shri P. Palaniappan Chairman cum Managing Director	15,00,000	-	29,484	15,29,484	19.12.2013 to 18.12.2014
Smt. P. Umayal Joint Managing Director	15,00,000	-	18,326	15,18,326	19.12.2013 to 18.12.2014
Shri A. Annamalai Whole Time Director	3,00,000	-	9,360	3,09,360	01.10.2013 to 20.08.2014

The Company does not pay remuneration to any of its non-executive directors barring sitting fees for attending meeting(s).

The details of sitting fees paid during the year and number of shares held by the Non Executive Directors are as under:

Sl. No.	Name of the Director	Sitting Fees Rs.	No. of Shares held
1.	Smt. RM. Umayal	10000	1000
2.	Shri A. Alagappan	7000	100
3.	Shri Perumal Madhavagopal	19000	100
4.	Shri S. Ravichandran	19000	8234
5.	Shri PL. Subbiah	6000	-



## REPORT ON CORPORATE GOVERNANCE (Contd...)

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive directors during the year.

### 7. Stakeholders / Investor's Grievances Committee

Terms of reference : The Committee deals with matters relating to redressing of investors' complaints pertaining to Share Transfer, non receipt of annual reports, non receipt of dividends, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The Committee also approves transfer, transmission, transposition, consolidation, splitting of shares and name deletion.

The Stakeholders/Investors' Grievances Committee consists of the following Directors.

Sl. No.	Name of the Director	Designation	Category	No. of Meetings attended
1.	Shri S. Ravichandran	Chairman	Non executive - Independent	7
2.	Shri Perumal Madhavagopal	Vice - Chairman	Non executive - Independent	7
3.	Shri P. Palaniappan	Member	Executive Director	7
4.	Shri P. Umayal	Member	Executive Director	7

The Share Transfers/transmission approved by the committee are placed at the Board meetings from time to time. During the year ended 30<sup>th</sup> June, 2014, Seven (7) meetings of the Committee were held.

There were no complaints pending as on 30<sup>th</sup> June 2014. No requests for dematerialisation and transfer were pending as on 30<sup>th</sup> June 2014.

### Reconciliation of Share Capital Audit

A qualified practicing Company Secretary carried out the reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Ltd.(NSDL), Central Depository (India) Ltd.(CDSL) and in physical form with the total number of paid-up/listed capital. He confirms that the total paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

### Management Discussion and Analysis Report :

Management Discussion and Analysis Report forms part of this Annual Report.

### 8. General Body Meetings

Details of Location, Date and Time of the Annual General Meetings held during the last three years:

Year	Venue	Date & Time
2013	Hotel Sarathy Classics, 8/3, Park Street, Fairlands, Salem – 636 016	18 <sup>th</sup> December 2013 at 5.00 P.M.
2012	Hotel Sarathy Classics, 8/3, Park Street, Fairlands, Salem – 636 016	19 <sup>th</sup> December 2012 at 5.00 P.M.
2011	Hotel Sarathy Classics, 8/3, Park Street, Fairlands, Salem – 636 016	14 <sup>th</sup> December 2011 at 5.00 P.M.

No Special Resolution was put through postal ballot during the last year. During the current year, the Company proposes to pass all Resolutions including that of Ordinary Business, Special Business and business requiring to be passed by special resolution, if any, by e-voting/postal ballot as mandated by Clause 49 of the Listing Agreement.

No Extra Ordinary General Meeting of shareholders was held during the year.

### 9. Disclosures

a. Details of transactions with related parties are provided in note no. 17, forming part of the accounts in accordance with the provision of accounting standard 18. There is no materially significant related party transaction that may have potential conflict with the interest of the Company at large.

b. During the last three years, there were no strictures imposed on the Company by either Stock Exchange or SEBI or any statutory authority for non compliance on any matter relating to the capital markets.

c. The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in Clause 49 of the listing agreement with the Stock Exchange.

d. **CEO/CFO Certificate** : A Certificate signed by the CEO and CFO has been placed at all Board meetings certifying to the Board with regard to the compliance made by them in terms of Clause 49(V) of the Listing Agreement, which forms part of Annual Report.



## REPORT ON CORPORATE GOVERNANCE (Contd...)

### e. Whistle Blower Policy

The Company has constituted Whistle Blower Policy for the employees and has established necessary mechanism to report concerns about unethical behavior. Any employee if he/she so desires, would have free access to meet the Chairman of the Audit Committee/Senior level management and report any matter of concern.

### f. Risk Management Frame work

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are regularly appraised with the key risks assessment and risk mitigation mechanisms.

### g. Code of Conduct

The code of conduct for the Board Members, Senior Management Personnel and Employees of the Company is posted on the website of the Company. All Board members and senior Management personnel have affirmed compliance with the same and the duly signed declaration to this effect made by CEO is annexed.

### h. Accounting treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable Accounting Standards and relevant requirements of the Companies Act, 1956.

### i. Code for prevention of Insider trading

The Company has framed a code of conduct for prevention of Insider trading based on SEBI(Insider Trading) Regulations, 1992. This code is applicable to all Directors/Officers/Designated employees. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

## 10. Means of Communication

The Company is conscious of the importance of timely dissemination of adequate information to the stakeholders. The dates of Board Meetings, General Body Meetings, Book Closure and Quarterly results are being published in **MAKKAL KURAL** and **TRINITY MIRROR** and is also displayed on the website of the company [www.sncmindia.com](http://www.sncmindia.com).

## 11. GENERAL SHAREHOLDERS INFORMATION :

### a. Annual General Meeting

Day, Date & Time : Wednesday, 10<sup>th</sup> December, 2014 at 10.15 A.M  
Venue : Hotel Sarathy Classics, 8/3, Park Street,  
Fairlands, Salem - 636016

### b. Financial Calendar (Tentative)

Year ending : 30<sup>th</sup> June, 2015.  
AGM : 30<sup>th</sup> December, 2015  
First Quarter Results : 4<sup>th</sup> Week of October, 2014  
Second Quarter Results : 4<sup>th</sup> Week of January, 2015  
Third Quarter Results : 4<sup>th</sup> Week of April, 2015  
Audited Results : 4<sup>th</sup> Week of August, 2015

### c. Book Closure Dates : 4<sup>th</sup> December, 2014 to 10<sup>th</sup> December, 2014 (both days inclusive) for the purpose of the Annual General Meeting.

### d. Listing on Stock Exchange : The equity shares of the company are listed in **Mumbai Stock Exchange**.

The Annual Listing fees for the year 2014-2015 has been paid to the aforesaid Stock Exchange,

### e. Stock Code & ISIN number

Name of the Stock Exchange	Stock Code	ISIN Number
The Stock Exchange, Mumbai	521234	INE443E01016

# SRI NACHAMMAI COTTON MILLS LIMITED

## REPORT ON CORPORATE GOVERNANCE (Contd...)

### f. Stock market price data for the year 2013-2014

The high and low prices during each month in the last financial year on Bombay Stock Exchange Limited are given below – Equity Shares of Rs. 10/- each

Month	BSE	
	High	Low
July' 13	7.77	7.06
August' 13	11.57	7.50
September' 13	12.65	10.50
October' 13	13.25	11.55
November' 13	12.00	10.32
December' 13	10.85	7.70
January' 14	8.90	8.10
February' 14	16.82	8.92
March' 14	21.35	17.65
April' 14	19.60	16.45
May' 14	15.65	11.80
June' 14	18.17	12.98

### g. Registrar and Share Transfer Agent

**Cameo Corporate Services Limited**

'Subramanian Building' V Floor, No.1, Club House Road, Chennai – 600 002

**Phone :** 044 – 28460390 (6 Lines) **Fax :** 044-28460129, Grams: CAMEO

**E-mail :** cameo@cameoindia.com, **Website :** www.cameoindia.com

### h. Share Transfer Committee

The Committee has the power to approve transfers and transmission of shares and also to issue duplicate share certificate in lieu of those, which are reported to be lost or destroyed. Share Transfer Committee comprises the following Directors:

Sl. No.	Name of the Director	Designation	Category	No. of Meetings attended
1.	Shri P. Palaniappan	Chairman	Executive Director	7
2.	Smt. P. Umayal	Vice-Chairman	Executive Director	7
3.	Shri Perumal Madhavagopal	Member	Non executive - Independent	7
4.	Shri S. Ravichandran	Member	Non executive - Independent	7

During the year, Seven (7) Share Transfer Committee meetings were held.

Smt.R.Thamilselvi, who is nominated as the 'Compliance Officer' as required by SEBI/Listing Agreement and Cameo Corporate Services Limited, Registrar & Share Transfer Agents attends to all Shareholder/Investor Grievances received directly or through SEBI, Stock Exchanges, Department of Company Affairs and Registrar of Companies.

Presently, the share transfers which are received in physical form are processed and the share certificates duly transferred are returned generally within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects. Company also offers the facility of transfer-cum-demat as per SEBI Guidelines.

### i. Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for investors servicing, members who have more than one folio in their individual name or jointly with other persons mentioned in the same order, are requested to consolidate all similar holdings under one folio. This would help in monitoring the folios more effectively. Members may write to the Registrars at the address given in para (g), indicating the folio numbers to be consolidated.





# SRI NACHAMMAI COTTON MILLS LIMITED

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## REPORT ON CORPORATE GOVERNANCE (Contd...)

### j. (a) Shareholding pattern as on 30.06.2014

### (b). Distribution of share holding as on 30.06.2014

Category	No. of Holders	No. of Shares	%	Shareholding range	No. of Holders	% of Holders	No. of Shares	% of Shares
Promoters	9	2358061	54.84	1 - 100	2547	67.91	232772	5.42
Non Resident Indians/OCBs/	7	3617	0.08	101 - 500	786	20.95	212713	4.95
Clearing Members	6	4341	0.10	501 - 1000	171	4.56	137402	3.19
Bodies Corporate	83	147353	3.43	1001 - 2000	115	3.06	172727	4.02
Resident Individual	3645	1786128	41.54	2001 - 3000	35	0.93	89633	2.08
Mutal fund	1	500	0.01	3001 - 4000	27	0.72	94010	2.19
				4001 - 5000	9	0.24	42435	0.99
				5001 - 10000	25	0.67	170580	3.96
				10001 & above	36	0.96	3147728	73.20
<b>Total</b>	<b>3751</b>	<b>4300000</b>	<b>100.00</b>	<b>TOTAL</b>	<b>3751</b>	<b>100.00</b>	<b>4300000</b>	<b>100.00</b>

### k. Dematerialisation of shares as on 30<sup>th</sup> June, 2014

The Equity Shares of the Company are compulsorily traded in dematerialized form with National Securities depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Sl. No.	Particulars	No. of Shares	% (In Share Capital)
1.	National Securities Depository Limited	3264909	75.93
2.	Central depository Services (India) Limited	577846	13.44
3.	Physical	457245	10.63
	<b>Total</b>	<b>4300000</b>	<b>100.00</b>

Considering the advantage of dealing in securities in electronic/dematerialization form, shareholders holding shares in physical form are requested to dematerialize their shares at the earliest. For further information/clarification/assistance in this regard, please contact M/S. Cameo Corporate Services Limited, Registrar and Share Transfer Agents.

As per directions of SEBI, Equity Shares of the Company can be traded by all the investors only in dematerialized form. The Company's Shares are traded on BSE.

### i. Plant Location: Unit A & Unit B

Near Railway Station, Chettinad – 630 102. Sivaganga District, Tamilnadu.

### m. Address for Correspondence

### All Correspondence should be addressed to:

Registered office	Registrar and Share Transfer Agent
Ms.Cynthia.S, Company Secretary No. 30 Sugavaneswara Road, Balaji Nagar, Salem – 636 004.	Cameo Corporate Services Limited 'Subramanian Building' V Floor, No.1, Club House Road, Chennai – 600 002

### Chief Executive Officer's Declaration on Code of Conduct

I hereby declare that the Board of Directors of the Company have adopted a Code of Conduct for the Board Members and Senior Management of the Company and the same has also been posted in the Company's website and that all the Board Members and senior Management personnel to whom this Code of Conduct is applicable have affirmed the compliance of the said Code of Conduct during the year 2013-14.

Salem  
21<sup>st</sup> August, 2014

**P. Palaniappan**  
Chairman cum Managing Director



## REPORT ON CORPORATE GOVERNANCE (Contd...)

### CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION.

To

The Board of Directors

Sri Nachammai Cotton Mills Limited., Salem

Dear Sirs, Annual Confirmation pursuant to Clause 49(V) of the Listing Agreement.

- a) We have reviewed the financial statements and the cash flow statement of Sri Nachammai Cotton Mills Limited for the year ended 30<sup>th</sup> June, 2014 and that to the best of our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omission of any material fact or includes statements that may be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
- i. Significant changes in the internal control over financial reporting during the year.
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. That there were no instances of fraud of which we have become aware of and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**A.SUBRAMANIAN**

Chief Financial Officer

Salem

21<sup>st</sup> August, 2014

**P.PALANIAPPAN,**

Chairman cum Managing Director.

### **Auditors' Certificate on Compliance of Conditions of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchange.**

#### **TO THE MEMBERS OF SRI NACHAMMAI COTTON MILLS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Sri Nachammai Cotton Mills Limited, for the year ended on 30<sup>th</sup> June, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representation received from the Registrar and Share Transfer agents of the company and on the basis of the records maintained by the Shareholders / Investors Grievance Committee of the company, we state that no investor grievance is pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Salem

21<sup>st</sup> August, 2014

For M S Jagannathan & Visvanathan  
Chartered Accountants, Auditors

M J Vijayaraghavan  
(Partner) Membership No. 7534



**M. S. JAGANNATHAN & VISVANATHAN**  
CHARTERED ACCOUNTANTS  
**INDEPENDENT AUDITORS' REPORT**

To the Members of  
M/s. **SRI NACHAMMAI COTTON MILLS LIMITED**, Salem.

**Report on the Financial Statements:-**

1. We have audited the accompanying financial statements of **SRI NACHAMMAI COTTON MILLS LIMITED** which comprise the Balance Sheet as at 30<sup>th</sup> June 2014, Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

- 2 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

- 3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion:**

- 6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at **30<sup>th</sup> June 2014**;
  - (ii) In the case of the Statement of Profit and Loss, of the **Profit** for the year ended on that date;
  - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

- 7 As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 8 As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



# SRI NACHAMMAI COTTON MILLS LIMITED

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- d. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and
- e. On the basis of written representations received from the directors as on 30<sup>th</sup> June 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 30<sup>th</sup> June 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants

Firm Regd No: 001209S

**M.J.VIJAYARAGHAVAN**

Partner

Membership No.7534

Salem

21st August, 2014

## Annexure to the Independent Auditors' Report

The Annexure referred to in paragraph 7 of our report of even date to the members of M/s. Sri Nachammai Cotton Mills Limited ('the Company') for the year ended 30<sup>th</sup> June, 2014:

- i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and discrepancies noticed on such physical verification were not material and have been properly dealt with in books of accounts.
- c) There were no sale of substantial part of fixed assets during the year and hence the going concern of the company is not affected.
- ii) a) Physical verification of inventory has been conducted at reasonable intervals by the Management.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventory and discrepancies noticed on physical verification of inventories as compared to book records were not material and have been appropriately dealt with.
- iii) a) During the year, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence sub clauses b, c & d of clause (iii) are not applicable.
- b) During the year, the company has taken unsecured loans amounting to Rs.3,73,84,000/- from five parties including Inter Corporate Deposit of Rs 2,39,86,000/- covered in the register maintained under Section 301 of the Act and the amount outstanding as on date is Rs.11,65,61,500/-. The Maximum amount outstanding during the year was Rs.11,47,11,500/-.
- c) The rate of interest and other terms and conditions of the unsecured loans taken are not prima facie prejudicial to the interest of the Company.
- iv) a) In our opinion and according to the explanation and information given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of the business for the purchase of inventory and fixed assets and for the sale of goods.
- b) During the course of our Audit no major weakness has been noticed in the internal controls.
- v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act and exceeding the value of Rupees five lakhs in respect of any party during the year, which have been made at prices which are reasonable having regard to the Prevailing Market prices at the relevant time other than for Lease rent amounting to Rs.1,50,00,000/- for which no comparable Market prices were available and are considered to be of special nature as explained by the management of the Company.





# SRI NACHAMMAI COTTON MILLS LIMITED

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- vi) In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptances of Deposits] Rules 1975 with regard to the deposits accepted from the public. No order has been passed by the National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion and according to the information and explanations given to us, the internal audit was carried out by an external Chartered Accountant and is commensurate with the size of the Company and the nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) a) According to the information and explanation given to us and records examined by us, the company is regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Value Added Tax, Wealth Tax, Service Tax and any other statutory dues with the appropriate authorities.
- b) According to the information and explanation given to us, no undisputed arrears of statutory dues were outstanding as at 30<sup>th</sup> June, 2014 for a period of more than Six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of Sales tax, Income tax, Customs duty, Wealth tax, Excise duty and Cess which have not been deposited on account of any dispute.
- x) The Company has accumulated losses of Rs 5,47,22,870/- as at 30<sup>th</sup> June, 2014. The Company has not incurred any cash losses during the financial year covered by our audit but has incurred cash losses in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanation given to us the Company has not defaulted in repayment of dues to any of the banks.
- xii) During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion the Company is not a chit fund or a nidhi/mutual benefit/society. Therefore, clause 4(xiii) of the Companies (Auditors Report) order 2003 is not applicable to the Company.
- xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in Shares, Securities, debentures and other investments.
- xv) In our opinion and according to the information and explanation given to us, the Company, during the year has not given any guarantee for loans taken by others from banks or financial Institutions.
- xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short time basis have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xb) The Company has not issued any debentures during the financial year and hence creation of security in respect thereof does not arise.
- xx) The Company has not raised any money through public issue during the year.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our Audit.

For **M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants

Firm Regd No: 001209S

**M.J.VIJAYARAGHAVAN**

Partner

Membership No.7534





# SRI NACHAMMAI COTTON MILLS LIMITED

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## BALANCE SHEET AS AT 30th JUNE, 2014

PARTICULARS	Note No	30.06.2014 Rs.	30.06.2013 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	192,864,000	192,864,000
Reserves and surplus	3	11,242,230	-14,849,233
<b>Non-current liabilities</b>			
Long Term Borrowings	4	284,629,500	310,468,101
Long Term Provisions	5	1,250,670	—
<b>Current liabilities</b>			
Short Term Borrowings	6	421,578,704	344,748,884
Trade payables	7	82,327,429	53,089,964
Other current liabilities	8	92,500,998	83,833,123
Short-term provisions	9	75,000	35,000
<b>Total</b>		<b>1,086,468,531</b>	<b>970,189,839</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	229,633,017	256,686,784
Capital work in Progress		3,180,660	1,647,015
Non-current Investments	11	1,766,600	1,562,600
Deferred Tax Assets (Net)	12	11,139,340	20,149,485
Long-term loans and advances	13	22,529,056	21,390,066
Other non-current Assets	14	1,297,577	1,322,577
<b>Current assets</b>			
Inventories	15	507,349,350	461,877,295
Trade receivables	16	134,276,328	139,527,614
Cash and cash equivalents	17	92,063,755	37,045,618
Short-term loans and advances	18	80,147,904	26,439,668
Other current assets	19	3,084,944	2,541,117
<b>Total</b>		<b>1,086,468,531</b>	<b>970,189,839</b>
Significant Accounting Policies	1		
Additional information to financial statements	27		
See accompanying notes of financial statements			

### In terms of our report of even date

For **M.S.JAGANNATHAN & VISVANATHAN**  
Chartered Accountants  
FRN 001209S

### M.J.VIJAYARAGHAVAN

Partner  
M.No.7534

Salem  
21st August, 2014

### P.PALANIAPPAN

Chairman cum Managing Director  
Din. 01577805

### P.UMAYAL

Joint Managing Director  
Din. 00110260

### PERUMAL MADHAVAGOPAL

Director  
Din. 00363963



# SRI NACHAMMAI COTTON MILLS LIMITED

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Cash flow Statement	30.06.2014	30.06.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Rs.</b>	<b>Rs.</b>
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	35,770,109	35,467,308
<b>Adjustments for:</b>		
Depreciation	39,842,234	39,427,398
Interest Expense	61,913,960	64,939,149
Dividend Income	-51,720	-70,800
Profit on Sale of Fixed Assets (Net)	-14,529,422	-
Interest Received	-3,377,411	-3,045,271
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	119,567,750	136,717,784
<b>Changes in :</b>		
Trade & Other Receivables	-49,753,335	-23,555,380
Inventories	-45,472,055	-39,236,319
Trade Payable	62,635,299	-2,324,263
CASH GENERATED FROM OPERATING ACTIVITIES	86,977,659	71,601,822
Direct Taxes paid	999,269	-224,909
CASH FLOW BEFORE EXTRA-ORDINARY ITEMS	85,978,390	71,826,731
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>85,978,390</b>	<b>71,826,731</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets / Capital Work in Progress	-14,894,699	-14,210,995
Sale of Fixed Assets	15,102,009	-
Purchase of Investment	-204,000	-
Dividend Received	51,720	70,800
Interest Received	3,346,747	2,327,803
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>3,401,777</b>	<b>-11,812,392</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayments) Long Term Loans (Net)	-23,436,348	-46,457,712
Proceeds / (Repayments) Short Term Loans (Net)	51,152,275	74,358,043
Interest paid	-61,913,960	-64,939,149
Dividend paid	-163,997	-125
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-34,362,030</b>	<b>-37,038,943</b>
<b>Net Changes in Cash and Cash Equivalent (A+B+C)</b>	<b>55,018,137</b>	<b>22,975,396</b>
Cash and Cash Equivalent Opening	37,045,618	14,070,222
Cash and Cash Equivalent Closing	92,063,755	37,045,618
	<b>55,018,137</b>	<b>22,975,396</b>
<b>Notes :</b> Closing cash and cash equivalent consist of the following:		
Cash on Hand	76,134	53,410
Balances with Scheduled Banks:		
In Current Accounts	978,789	5,702,617
In Deposits Accounts		
LC Margin	90,491,766	30,410,070
FD Margin	-	18,150
LG Margin	517,066	697,374
In Unclaimed Dividend Account	-	163,997
<b>Total</b>	<b>92,063,755</b>	<b>37,045,618</b>

Previous Year comparatives have been reclassified to confirm to Current Year's presentation, wherever applicable.

This is the Cash Flow Statement referred to in our report of even date

For **M.S.JAGANNATHAN & VISVANATHAN**

Chartered Accountants, FRN 001209S

**M.J.VIJAYARAGHAVAN**

Partner, M.No.7534

Salem

21st August, 2014

**P.PALANIAPPAN**

Chairman cum Managing Director

Din. 01577805

**P.UMAYAL**

Joint Managing Director

Din. 00110260

**PERUMAL MADHAVAGOPAL**

Director, Din. 00363963



# SRI NACHAMMAI COTTON MILLS LIMITED

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## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30th JUNE, 2014

PARTICULARS	Note No	30.06.2014 Rs.	30.06.2013 Rs.
<b>REVENUE</b>			
Revenue from operations	20	1,827,535,588	1,509,889,523
Other income	21	20,345,143	4,804,731
<b>Total Revenue</b>		<b>1,847,880,731</b>	<b>1,514,694,254</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	1,221,120,580	834,351,414
Changes in inventories of finished goods, work in process and stock in trade	23	-93,768,124	2,965,857
Power and diesel consumed		222,776,553	254,786,959
Employee benefits expense	24	144,059,124	114,267,059
Finance costs	25	65,563,174	68,165,534
Depreciation	10	39,842,234	39,427,398
Lease rent		15,000,000	12,750,000
Conversion charges		17,819,557	15,722,550
Other expenses	26	179,697,524	136,790,175
<b>Total Expenses</b>		<b>1,812,110,622</b>	<b>1,479,226,946</b>
<b>Profit before tax</b>		<b>35,770,109</b>	<b>35,467,308</b>
Tax expense:			
Deferred Tax (liability) / Assets		-9,010,145	-299,823
Excess provision for income tax reversed		—	269,152
Income Tax paid for prior year		-668,501	—
<b>Profit after tax</b>		<b>26,091,463</b>	<b>35,436,637</b>
Earnings per equity share (Basic and Diluted)		6.09	8.27
Nominal value of share		10	10
Significant Accounting Policies	1		
Additional information to financial statements	27		
See accompanying notes to financial statements			

In terms of our report of even date  
For **M.S.JAGANNATHAN & VISVANATHAN**  
Chartered Accountants  
FRN 001209S

**M.J.VIJAYARAGHAVAN**  
Partner  
M.No.7534

Salem  
21st August, 2014

**P.PALANIAPPAN**  
Chairman cum Managing Director  
Din. 01577805

**P.UMAYAL**  
Joint Managing Director  
Din. 00110260

**PERUMAL MADHAVAGOPAL**  
Director  
Din. 00363963

## SIGNIFICANT ACCOUNTING POLICIES

(In the order of applicability of Accounting Standards)

### AS – 1 Disclosure and Basis of Accounting

- (i) The Financial Statements have been prepared under the Historical cost convention in accordance with the provisions of the Companies Act, 1956. The Company has complied with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.
- (ii) The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.
- (iii) The Accounts are prepared on the basis of going concern concept only.

### AS – 2 Valuation of Inventories

Inventories are valued at lower of cost and net realisable value, where

- a) Cost of Raw materials is determined on specific identification method.
- b) Stock of stores, spares and packing materials is determined on weighted average method.
- c) Finished goods and work in progress is determined under FIFO method where cost includes conversion and other costs incurred in bringing the inventories to their present location and condition.

### AS – 3 Cash Flow Statement

Cash flows are reported using the indirect method, where by the profit before tax is adjusted for the effect of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and cash equivalent include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for use by the company.

### AS – 6 Depreciation Accounting

Depreciation on Fixed Assets has been provided as per Schedule XIV of the Companies Act, 1956 adopting the methods as under:

- i) On Assets acquired before 01.04.1990 - Written Down Value Method.
- ii) On Assets acquired from 01.04.1990 - Straight Line Method
- iii) In respect of all assets purchased or sold during the year, depreciation has been provided at the above rates on pro-rata basis from the date of purchase / to the date of sale including assets whose cost is below Rs.5,000/-.

### AS – 9 Revenue Recognition

- i) Revenue from sale transactions is recognized as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognised on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability.
- ii) Other Income except dividend is accounted on accrual basis.
- iii) Sales as reported are exclusive of Sales Tax (VAT), Insurance and Transport charges.

### AS – 10 Fixed Assets

The cost of fixed assets is shown at historical cost of acquisition including installation, commissioning less accumulated depreciation.

### AS – 11 Foreign Currency Transactions

Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences are recognized as income or expense in the Profit and Loss account. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates and recognised as income or expenses in the Profit and Loss account in other cases.

The premium on discount arising at the inception of forward exchange contracts is accounted as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal exchange contract is recognized as income or as expense in the period in which they arise.

### AS – 13 Accounting for Investments

Long term investments are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of long term investments.

### AS – 15 Employee Benefits

Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis.



## Defined Contribution Plans

Company's contributions paid / payable during the year to Provident Fund is recognized in the Profit and Loss account.

## Defined Benefit Plans

Company's Liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate.

## AS – 16 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

## AS – 19 Lease

Lease, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term.

## AS – 20 Earnings per Share

The Earnings considered in ascertaining the Company's earnings per share comprise of Net Profit after tax.

## AS – 22 Accounting for taxes on Income

Deferred Tax resulting from timing differences between book and tax profits is accounted under liability method at enacted as substantively enacted rate as on the balance sheet date. Deferred tax asset, other than those arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Deferred tax asset, arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognised and carried forward subject to consideration of prudence only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

Current tax is determined at the amount of tax payable in respect of estimated taxable income for the year.

## AS – 28 Impairment of Assets

An asset is impaired when the carrying amount of the assets exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

## AS – 29 Provisions, Contingent liability and Contingent Assets

- Provisions involving degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources.
- Contingent liabilities are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.
- Contingent liability under various fiscal laws includes those in respect of which the Company / Department is in appeal.

## Others : Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the estimates is recognized prospectively.

## VAT

- The value of VAT benefits is being reduced from the value of purchase of materials
- The value of benefits eligible in respect of Capital items is reduced from the cost and depreciation is calculated accordingly.





# SRI NACHAMMAI COTTON MILLS LIMITED

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## Notes forming part of Financial Statements

2	<b>Share Capital</b>	<b>Numbers</b>	Numbers	<b>Amount</b>	Amount		
	<b>Authorised:</b>	<b>30.6.2014</b>	30.6.2013	<b>30.6.2014</b>	30.6.2013		
	Number and amount of Equity Shares	<b>10,000,000</b>	10,000,000	<b>100,000,000</b>	100,000,000		
	Number and amount of 10% Cumulative Redeemable Pref. shares	<b>1,500,000</b>	1,500,000	<b>150,000,000</b>	150,000,000		
	<b>Issued:</b>						
	Number and amount of Equity shares	<b>4,300,000</b>	4,300,000	<b>43,000,000</b>	43,000,000		
	Number and amount of 10% Cumulative Redeemable Pref. shares	<b>1,500,000</b>	1,500,000	<b>150,000,000</b>	150,000,000		
	<b>Subscribed and Paid up:</b>						
	Number and amount of Equity shares	<b>4,300,000</b>	4,300,000	<b>43,000,000</b>	43,000,000		
	Less : Calls in arrears	<b>-</b>	-	<b>136,000</b>	136,000		
				<b>42,864,000</b>	42,864,000		
	Number and amount of 10% Cumulative Redeemable Pref. shares	<b>1,500,000</b>	1,500,000	<b>150,000,000</b>	150,000,000		
	<b>Total</b>			<b>192,864,000</b>	192,864,000		
	Par value per Equity share (In Rs.)			<b>10</b>	10		
	Par value per Cumulative 10% Redeemable Pref. share (In Rs.)			<b>100</b>	100		
	<b>Reconciliation of number of shares</b>						
	Number of Equity shares at the beginning	<b>4,300,000</b>	4,300,000				
	Less : Adjustments during the year	<b>-</b>	-				
	<b>Number of Equity shares at the end of the reporting period</b>	<b>4,300,000</b>	4,300,000				
	<b>Reconciliation of Redeemable Pref. Shares</b>						
	Cumulative Redeemable Pref. Shares at the beginning	<b>1,500,000</b>	1,500,000				
	Add : Issued during the year	<b>-</b>	-				
	Number of Cumulative Redeemable Pref. Shares at the end of the reporting period	<b>1,500,000</b>	1,500,000				
	<b>Shareholders holding more than 5 percent shares</b>	<b>No. of Equity Shares 2014</b>	No. of Equity Shares 2013	<b>% of Holding</b>	<b>No. of Pref. Shares 2014</b>	No. of Pref. Shares 2013	<b>% of Holding</b>
	Shri P.Palaniappan (HUF)	<b>613,556</b>	584,736	<b>14.27</b>	-	-	13.60
	Smt.P.Umayal	<b>1,036,343</b>	1,036,343	<b>24.10</b>	-	-	24.10
	Smt.Geethanjali Ramasamy	<b>398,981</b>	398,981	<b>9.28</b>	-	-	9.28
	Sri Rajubhandari	<b>216,192</b>	-	<b>5.03</b>	-	-	-
	Shri P.Palaniappan	<b>-</b>	-	<b>33.33</b>	<b>500,000</b>	500,000	33.33
	Smt.P.Umayal	<b>-</b>	-	<b>66.67</b>	<b>1,000,000</b>	1,000,000	66.67

### Terms & Conditions of shares:

The Company has two class of shares namely Equity having a par value of Rs. 10/- and Preference having a par value of Rs. 100/- per share. Each Share holder is eligible for one vote per share.

In the event of liquidation, the Equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their share holding.

There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back in the immediately preceeding 5 years.

The 10% Cumulative Redeemable Preference shares are to be redeemed in 15 half yearly instalments commencing from the 4th year from the date of allotment i.e. 26/04/2012.



# SRI NACHAMMAI COTTON MILLS LIMITED

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## Notes forming part of Financial Statements (Contd...)

In Rupees

<b>3 Reserves and Surplus</b>	<b>Amount</b>	<b>Amount</b>
<b>Securities Premium Reserve</b>	<b>30.6.2014</b>	<b>30.6.2013</b>
As per last Balance Sheet	66,950,000	66,950,000
Less : Calls in arrears	-985,100	-985,100
<b>Closing balance</b>	<b>65,964,900</b>	<b>65,964,900</b>
<b>Surplus</b>		
As per last Balance Sheet	-80,814,133	-116,250,770
Add : Transfer from Profit & Loss statement	26,091,463	35,436,637
<b>Closing balance</b>	<b>-54,722,670</b>	<b>-80,814,133</b>
<b>Total</b>	<b>11,242,230</b>	<b>-14,849,233</b>
<b>Non current liabilities</b>		
<b>4 Long Term Borrowings</b>		
<b>Secured</b>		
Term Loan from Banks	116,835,000	164,906,601
<b>Unsecured</b>		
Loans and advances from related parties - Loans from Directors	23,644,000	15,050,000
Intercompany Deposits - Associates	92,917,500	86,424,500
Fixed deposits	51,233,000	44,087,000
<b>Total</b>	<b>284,629,500</b>	<b>310,468,101</b>

There is no case of continuing default as on the balance sheet date in repayment of loans and interest.

Term loans and non fund limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future and the Company's Chairman cum Managing Director and Joint Managing Director have given personal guarantees for the above loans to the extent of Rs. 40.49 Crores.

Particulars	Outstanding amount	No of instalment	Interest %	Periodicity
<b>Indian Overseas Bank</b>				
TUF Loan I	19600000	5	12.25%	Quarterly
TUF Loan II	16676000	30	12.25%	Monthly
TUF Loan III	113416000	74	12.25%	Monthly
Term Loan I	187600	1	12.25%	Quarterly
Term Loan II	1304000	30	12.25%	Monthly
Term Loan III	5263000	30	12.25%	Monthly
Term Loan IV	5356000	56	12.25%	Monthly

<b>5 Long Term Provisions</b>			
Provision towards Gratuity		1,250,670	—
<b>Total</b>		<b>1,250,670</b>	<b>—</b>



# SRI NACHAMMAI COTTON MILLS LIMITED

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## Notes forming part of Financial Statements (Contd...)

		In Rupees	
		Amount	Amount
		30.6.2014	30.6.2013
<b>Current liabilities</b>			
<b>6 Short Term Borrowings</b>			
<b>Secured</b>			
Open Loan (Cash Credit)		231,815,031	180,662,756
Acceptances		189,763,673	164,086,128
<b>Total</b>		<b>421,578,704</b>	<b>344,748,884</b>
There is no case of continuing default as on the balance sheet date in repayment of loans and interest.			
Working capital limits from Indian Overseas Bank are secured by first charge on entire block of assets, both present and future the Company's Chairman cum Managing Director and Joint Managing Director have given personal guarantees for the above loans to the extent of Rs. 26.20 Crores.			
<b>7 Trade Payables</b>			
Due to Micro, Small & Medium Enterprises		282,358	242,744
Other Trade Payables		82,045,071	52,847,220
<b>Total</b>		<b>82,327,429</b>	<b>53,089,964</b>
<b>8 Other Current Liabilities</b>			
Current maturities of long term debt		44,967,600	42,505,347
Current maturities of Fixed deposits		—	60,000
Unpaid Dividend		—	163,997
<b>Others :</b>			
Liabilities for expenses		30,509,014	31,671,752
Liability towards statutory dues		4,351,300	5,153,701
Liability towards Employee benefits		42,925	81,452
Liability for other finance		12,630,159	4,196,874
<b>Total</b>		<b>92,500,998</b>	<b>83,833,123</b>
<b>9 Short-term provisions</b>			
Provision for Leave encashment		75,000	35,000
<b>Total</b>		<b>75,000</b>	<b>35,000</b>



# SRI NACHAMMAI COTTON MILLS LIMITED

## Notes forming part of Financial Statements (contd.)

### 10. Fixed Assets

(In Rupees)

PARTICULARS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 01.07.2013 Rs.	Additions Rs.	Sales / Transfer Rs.	As at 30.06.2014 Rs.	Up to 01.07.2013 Rs.	For the Year Rs.	Withdrawn Rs.	Up to 30.06.2014 Rs.	As at 30.06.2014 Rs.	As at 30.06.2013 Rs.
Tangible Assets										
Land	3,700,168	-	570,776.00	3,129,392	-	-	-	-	3,129,392	3,700,168
Buildings	72,283,920	1,539,800	-	73,823,720	33,760,605	2,117,731	-	35,878,336	37,945,384	38,523,315
Machinery	602,931,012	7,714,786	-	610,645,798	409,133,302	33,989,100	-	443,122,402	167,523,396	193,797,710
Electrical Machinery	55,923,488	3,969,399	-	59,892,887	38,264,781	3,234,272	-	41,499,053	18,393,834	17,658,707
Computer	6,061,931	104,399	-	6,166,330	5,455,943	105,511	-	5,561,454	604,876	605,988
Office equipments	773,012	-	-	773,012	617,416	15,725	-	633,141	139,871	155,596
Furniture	2,722,186	-	-	2,722,186	2,301,725	42,999	-	2,344,724	377,462	420,461
Tools	843,007	-	-	843,007	774,736	17,750	-	792,486	50,521	68,271
Bandy	20,202	-	-	20,202	20,076	23	-	20,099	103	126
Vehicles	5,978,669	32,670.00	36,213.00	5,975,126	4,222,227	319,123	34,402	4,506,948	1,468,178	1,756,442
Total Tangible Assets	751,237,595	13,361,054	606,989.00	763,991,660	494,550,811	39,842,234	34,402	534,358,643	229,633,017	256,686,784
CAPITAL WORK IN PROGRESS:										
Machinery									2,608,065	1,647,015
Building									572,595	
Previous Year	738,673,615	12,563,980	-	751,237,595	455,123,413	39,427,398	-	494,550,811	256,686,784	283,550,202



# SRI NACHAMMAI COTTON MILLS LIMITED

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## Notes forming part of Financial Statements (Contd...)

				In Rupees	
	Face Value	Numbers	Numbers	Amount	Amount
11 Non Current Investments		30.6.2014	30.6.2013	30.6.2014	30.6.2013
<b>Investments in Equity instruments (At Cost)</b>					
<b>Non Trade (Quoted) Fully paidup</b>					
Cholamandalam Investment & Finance Co. Limited	100	6600	6600	759,000	759,000
Indian Overseas Bank	10	10600	10600	153,600	153,600
<b>Non Trade (Quoted) Partly paidup</b>					
Industrial Development Bank of India (Rs 5/- paid up)	10	17800	17800	650,000	650,000
<b>Non Trade (Un quoted) Fully paidup</b>					
Suryadev Alloys and Power Private Limited	10	1500	—	204,000	—
	<b>Total</b>			<b>1,766,600</b>	<b>1,562,600</b>
<b>Aggregate value of Quoted Investments</b>					
Cost				1,562,600	1,562,600
Market Value				3,418,430	2,160,730
<b>Aggregate value of Un-Quoted Investments</b>					
				204,000	—
<b>12 Deferred Tax Assets (Net)</b>					
Deferred Tax Assets : On account of carry forward of losses				32,807,547	44,956,024
				<b>32,807,547</b>	<b>44,956,024</b>
Deferred Tax Liability : On account of Depreciation				21,668,207	24,806,539
	<b>Total</b>			<b>21,668,207</b>	<b>24,806,539</b>
<b>Net Deferred Tax Assets</b>					
				<b>11,139,340</b>	<b>20,149,485</b>
<b>13 Long-term loans and advances</b>					
(Unsecured, considered good)					
Security Deposits				1,540,218	1,540,218
Capital Advances				12,249,918	10,773,195
MAT Credit Entitlement				8,139,113	8,807,614
Advance tax (Net of Provisions - Rs Nil)				599,807	269,039
	<b>Total</b>			<b>22,529,056</b>	<b>21,390,066</b>
<b>14 Other non Current Assets</b>					
(Unsecured, considered good)					
Outstanding for a period exceeding six months from the due date				1,297,577	1,322,577
	<b>Total</b>			<b>1,297,577</b>	<b>1,322,577</b>
<b>Current Assets</b>					
<b>15 Inventories (At lower of cost or net realisable value)</b>					
Raw materials				158,957,120	208,895,920
Process Stock				49,622,434	52,789,644
Finished goods				281,040,435	184,686,476
Waste				3,842,964	3,261,589
Stores and spares etc.,				13,886,397	12,243,666
	<b>Total</b>			<b>507,349,350</b>	<b>461,877,295</b>
<b>16 Trade Receivables</b>					
(Unsecured, considered good)					
Outstanding for a period exceeding six months from the due date				3,473,708	4,021,145
Others				130,802,620	135,506,469
	<b>Total</b>			<b>134,276,328</b>	<b>139,527,614</b>





# SRI NACHAMMAI COTTON MILLS LIMITED

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## Notes forming part of Financial Statements (Contd...)

		In Rupees	
		Amount 30.6.2014	Amount 30.6.2013
<b>17 Cash and bank balances</b>			
<b>Cash and cash equivalents</b>			
Balances with banks			
In Current Account		978,789	5,702,617
Cash on hand		76,134	53,410
<b>Other Bank Balances</b>			
Deposits held as Margin Money		91,008,832	31,125,594
Unpaid Dividend Account		—	163,997
<b>Total</b>		<b>92,063,755</b>	<b>37,045,618</b>
<b>18 Short-term loans and advances</b>			
(Unsecured, considered good)			
Advances recoverable in cash or in kind, or for value to be received		7,085,836	13,142,218
Advance for Purchases		72,070,477	11,866,061
Balance with Central Excise, Sales Tax, Customs etc		5,691	293,035
Prepaid expenses		985,900	1,138,354
<b>Total</b>		<b>80,147,904</b>	<b>26,439,668</b>
<b>19 Other current assets</b>			
Interest accrued on Bank Deposits		956,965	926,301
Income Receivable:			
TUF Subsidy Receivable		933,820	1,523,430
Insurance Claim Receivable		1,069,470	—
Hank yarn obligation receivable		124,689	91,386
<b>Total</b>		<b>3,084,944</b>	<b>2,541,117</b>
<b>20 Revenue from operations</b>			
Sale of products :			
Yarn		1,660,152,603	1,400,222,216
Fabric		151,776,033	98,397,776
Waste		15,606,952	11,269,531
<b>Total</b>		<b>1,827,535,588</b>	<b>1,509,889,523</b>
<b>21 Other income</b>			
Interest Income		3,377,411	3,045,271
Dividend from long term investments		51,720	70,800
Profit on sale of assets		14,529,422	—
Miscellaneous receipts		2,386,590	1,688,660
<b>Total</b>		<b>20,345,143</b>	<b>4,804,731</b>
<b>22 Cost of materials consumed</b>			
Opening Stock			
Raw material - Cotton		208,895,920	170,837,042
Add : Purchases (Including expenses) - Cotton		1,171,181,780	872,410,292
		<b>1,380,077,700</b>	<b>1,043,247,334</b>
Less : Closing Stock			
Raw material - Cotton		158,957,120	208,895,920
<b>Total</b>		<b>1,221,120,580</b>	<b>834,351,414</b>



# SRI NACHAMMAI COTTON MILLS LIMITED

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## Notes forming part of Financial Statements (Contd...)

		In Rupees	
		Amount	Amount
		30.6.2014	30.6.2013
<b>23 Changes in inventory of Finished Goods and WIP</b>			
Opening Stock			
Finished Goods - Yarn		184,686,476	196,620,483
Process stock		52,789,644	44,573,347
Waste		3,261,589	2,509,736
<b>Total</b>		<b>240,737,709</b>	<b>243,703,566</b>
Closing Stock			
Finished Goods - Yarn		281,040,435	184,686,476
Process stock		49,622,434	52,789,644
Waste		3,842,964	3,261,589
<b>Total</b>		<b>334,505,833</b>	<b>240,737,709</b>
Stock (Decrease) / Increase		93,768,124	-2,965,857
<b>24 Employee Benefits Expenses</b>			
Salaries, wages and Bonus		117,734,458	92,032,275
Contribution to provident and other funds		5,549,980	5,258,012
Welfare expenses		17,417,516	13,506,068
Chairman cum Managing Director remuneration		1,529,484	1,651,984
Joint Managing Director remuneration		1,518,326	1,509,360
Whole Time Director remuneration		309,360	309,360
<b>Total</b>		<b>144,059,124</b>	<b>114,267,059</b>
<b>25 Finance cost</b>			
Interest expenses			
On bank loans		43,233,486	45,457,517
On loan from directors		781,982	910,687
On Intercompany deposit		9,234,343	10,047,208
On others		8,664,149	8,523,737
Bank charges		3,649,214	3,226,385
<b>Total</b>		<b>65,563,174</b>	<b>68,165,534</b>
<b>26 Other Expenses</b>			
Consumption of stores and spare parts		69,659,991	49,393,604
Consumption of packing materials		23,494,097	15,742,976
Repairs to buildings		19,795,814	12,741,908
Repairs to machinery		14,756,839	9,472,249
Repairs to others		15,641,002	11,505,947
Insurance		1,013,866	1,064,735
Rates and taxes, excluding, taxes on income.		3,903,697	3,298,726
Legal and Professional charges		1,211,783	875,238
Filing Fees		15,500	16,211
Brokerage & Commission		18,787,294	12,440,368
Auditors Remuneration		152,822	120,846
Sitting Fees		61,000	59,000
Rent paid		787,400	701,600
Foreign exchange fluctuation		3,186,596	13,314,477
Miscellaneous expenses		7,229,823	6,042,290
<b>Total</b>		<b>179,697,524</b>	<b>136,790,175</b>



# SRI NACHAMMAI COTTON MILLS LIMITED

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## 27 Additional Information to Financial Statements

### 1 Contingent Liabilities not provided for:

Rupees

30.06.2014

Rupees

30.6.2013

- a) In respect of outstanding export obligation to export goods worth Rs. 31,77,10,485/- under EPCG Scheme in respect of various years from 2005, the company has fulfilled obligation to the extent of Rs. 4,76,80,131/- upto 30.06.2014.
- b) The Bank has given guarantees for Rs. 51,70,630/- (previous year - Rs. 68,17,630/-) towards payment of customs duty in respect of import of Machinery.
- c) Future Lease rental payable **50,00,000** 62,50,000
- d) The amount called up but not paid for IDBI Shares including interest **57,02,233** 57,02,233
- e) Some of the dismissed employees have appealed before the labour court for reinstating them along with back wages from the date of dismissal, which the company is contesting. As the quantum of liability, if any, is dependent on the orders to be passed no provision is made in the accounts as it has not reached finality.

2 Interest in respect of partly paid shares is not presently ascertainable for the Current year and hence not included under IDBI partly paid shares.

3 Estimated amount of contracts remaining to be executed on Capital account. **72,025,892** 70,595,376

### 4 Value of Imports : CIF Value

- i) Raw Material **230,916,251** 180,014,277
- ii) Components and Spares **3,652,322** 2,548,373
- iii) Capital Goods **4,198,120** -

### 5 Consumption

- i) Raw Materials
- Imported **177,283,413** 171,942,242  
**14.52%** 20.61%
- Indigenous **1,043,837,167** 662,409,172  
**85.48%** 79.39%
- 1,221,120,580** **834,351,414**
- ii) Spares & Components
- Imported **3,271,621** 2,548,373  
**4.70%** 5.16%
- Indigenous **66,388,370** 46,845,231  
**95.30%** 94.84%
- 69,659,991** **49,393,604**

### 6 Expenditure in Foreign Currency on account of

- Royalty **NIL** NIL
- Sales Commission **NIL** NIL
- Professional and Consultancy fees **NIL** NIL
- Others **NIL** NIL

### 7 Amount remitted during the year in Foreign currencies

- Number of Non-resident Shareholders **7** 8
- Number of shares held by them **3,617** 5,117
- On account of dividends **NIL** NIL
- Year to which the Dividend relates **NIL** NIL

### 8 Earnings in Foreign exchange

- Export of goods on FOB basis **NIL** NIL

## Additional Information to Financial Statements (Contd...)

### 9 Auditors' Remuneration

	For the Year ended	
	30.06.2014	30.06.2013
	Rs.	Rs.
Audit Fees	73,736	73,736
Tax Matters	21,068	16,854
Certificate Fees	50,282	19,696
Travelling Expenses	7,736	10,560
<b>Total</b>	<b>152,822</b>	<b>120,846</b>

10 Interest on Bank Loans is net of interest subsidy (TUF) amounting to Rs. 13,47,837/- (Previous year Rs. 21,34,519/-)

11 Income Tax Assessment upto A.Y. - 2011 - 2012 has been completed.

12 The information required to disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of the information available with the Company. There are no overdues to parties on accounts of principal amount and / or interest and accordingly no additional disclosures have been made.

13 In the opinion of the Board of Directors, assets other than fixed assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

14 Balances of certain sundry debtors, advances and sundry creditors are subject to confirmation / reconciliation, as the Company has received replies only from few parties for the confirmation statements sent by the Company. The adjustments thereof, if any, having an impact of revenue nature will be made in the year in which the same are finalized and settled.

## Disclosures as required under Accounting Standards

### 15 Gratuity Disclosure (AS-15)

	Defined Benefit Plans	Gratuity Funded		
1	Financial year of valuation	30.06.2014	30.06.2013	30.06.2012
A	Movements during the financial year (For definitions of 2,3,4,5 & 9 below refer AS			
1	Movement period in years	1	1	1
2	Present Value of Benefit Obligations as at beginning of the period in Rs.	12,104,103	11,985,153	16,427,185
3	Interest Cost assuming that claims paid in middle of financial year	968,328	905,510	1,154,616
4	Current service cost in Rs.	805,209	983,013	743,712
5	Past Service cost in Rs.	-	-	-
6	Curtailment cost/(credit) in Rs. (refer Para 110-116 of AS 15 (revised 2005))	-	-	-
7	Settlement cost/(credit) in Rs. (refer Para 110-116 of AS 15 (revised 2005))	-	-	-
8	Benefits paid in Rs.	908,709	1,358,690	4,067,225
9	Actuarial gain/loss on benefit obligations (experience Adjustment) in Rs.	-699,064	-410,883	-2,273,135
10	Present Value of Benefit Obligations as at the end of the period in Rs.	13,667,996	12,104,103	11,985,153
	(9)=(10)-(2)-(3)-(4)-(5)-(6)-(7)+(8) Note: Actuarial gain/loss is the balancing item.			
B	Movements in respect of Plan Assets during the valuation year			
1	Fair value of Plan Assets at the beginning in Rs.	12,154,769	12,294,928	14,930,940
2	Expected rate of return on Plan Assets per unit (see Part I C 3)	0.09	0.0925	0.0925
3	Expected rate of return on Plan Assets assuming that movements occur in mid year	1,124,316	1,080,491	1,197,163
4	Contributions received during the financial year	100,987	103,033	-
5	Benefits paid (claims settled)	908,709	1,358,690	4,067,225
6	Actuarial Gain/Loss on plan assets in Rs.	-54,037	35,007	234,050
	A6 = A7-A1-A3-A4+A5 is the balancing item			
7	Fair value Plan Assets at the end of the Financial year in Rs.	12,417,326	12,154,769	12,294,928



# SRI NACHAMMAI COTTON MILLS LIMITED

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## Additional Information to Financial Statements (Contd...)

Defined Benefit Plans		Gratuity Funded		
1	Financial year of valuation	30.06.2014	30.06.2013	30.06.2012
<b>C</b>	<b>Net Actuarial Gain/Loss recognised in the Financial Year in Rs.</b>			
1	Actuarial Gain/Loss on Benefit Obligations in Rs.	-699,064	-410,883	-2,273,135
2	Actuarial Gain/Loss on plan assets in Rs.	54,037	35,007	234,050
3	Net Actuarial Gain/Loss recognised in the Financial Year in Rs. B3 = B1-B2	-753,101	-445,890	-2,507,185
<b>D</b>	<b>Expenses recognised in the Profit and Loss Account</b>			
1	Interest cost on Benefit Obligations	968,328	905,510	1,154,616
2	Current Service cost on Benefit Obligations	805,209	983,013	743,712
3	Past Service cost on Benefit Obligations	-	-	-
4	Curtailment cost / (credit)	-	-	-
5	Settlement cost/(credit)	-	-	-
6	Expected return on Plan Assets	1,124,316	1,080,491	1,197,163
7	Net Actuarial Gain/Loss recognised in the Financial Year in Rs.	753,102	-445,890	-2,507,186
8	Effect of limit as per para 59(b) read with para 61(g) of AS 15 R	-	-	-
9	Expenses recognised in the Profit and Loss Account	1,402,323	362,142	-1,806,020
	C9 = C1+C2+C3+C4+C5-C6+C7			
<b>E</b>	<b>Liability recognised in the Balance Sheet</b>			
1	Actuarial Present value of Benefit Obligations at the end of the financial year in Rs.	13,667,996	12,104,103	11,985,153
2	Fair value of Plan Assets at the end of the Financial year in Rs.	12,417,326	12,154,769	12,294,928
3	Funded Status at the end of the financial year in Rs.	-1,250,670	50,666	309,775
4	Present value of future reduction under para 59 (b) of AS 15 R (net asset to be recognised as per para 59 of AS 15 R)	-	-	-
<b>F</b>				
1	Expected return on Plan Assets (part III A3 above) in Rs.	1,124,316	1,080,491	1,197,163
2	Actuarial Gain/Loss on plan assets (part III B2) in Rs.	-54,037	35,007	234,050
3	Actual return on Plan assets (E1+E2) in Rs.	1,070,279	1,115,498	1,431,213
<b>G</b>	<b>Balance Sheet Reconciliation</b>			
1	Expenses recognised C9	1,402,323	362,142	-1,806,020
2	Add unfunded liability at the beginning of the financial year in Rs.	-1,250,670	-50,666	1,496,245
3	Less contribution received A4	100,987	103,033	-
4	Closing unfunded Status = F1+F2+F3 = -D4	-1,250,670	50,666	-309,775

## 2 Assumptions:

(a)	Interest Rate for discount per unit per annum	0.08	0.08	0.08
(b)	Salary escalation rate per unit per annum	0.03	0.05	0.05
(c)	Mortality Rate	LIC 1994-96 Rates		
(d)	Attrition Rate	No explicit assumption		
(e)	Disability / ill health retirement	No explicit assumption		

3	i	The estimates of salary escalation considered in Actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.			
	ii.	Defined Contribution Plans			
		Provident Fund Contributions (Rs.)	3,659,899	3,261,658	3,362,809

## 16 Segment Report (AS-17)

As the Company operates under single segment related to Textiles, segment reporting is not applicable to the Company for the year under review.



## 17 Related Party Disclosure (AS-18) (as identified by the Management)

### i) Names of related parties and description of relationship

- a) Associates : Supreme Yarn Spinners Ltd  
Raja Yarns Private Limited
- b) Key Management Personnel : 1. Shri P.Palaniappan, Chairman cum Managing Director  
2. Smt. P.Umayal, Joint Managing Director.
- c) Relatives of Key Management Personnel : 1. Smt. Geethanjali Ramasamy  
2. Smt. RM.Umaiya  
3. Shri P.Palaniappan (HUF)  
4. Shri MC.Ramasamy (HUF)

### ii) Related Party Transactions

Nature of Transactions	Associates (Rs.in lacs)		Key Management Personnel (Rs.in lacs)		Relatives of Key Management Personnel (Rs.in lacs)	
	30.06.14	30.06.13	30.06.14	30.06.13	30.06.14	30.06.13
Corporate Loan taken Raja Yarns Private Limited	23,986,000	23,294,000	-	-	-	-
Supreme Yarn Spinners Limited	1,750,000	-	-	-	-	-
Corporate Loan Repaid Raja Yarns Private Limited	19,243,000	15,541,000	-	-	-	-
Unsecured Loan taken Shri P.Palaniappan	-	-	1,694,000	1,132,000	-	-
Smt.P.Umayal	-	-	1,559,000	1,950,000	-	-
Others	-	-	-	-	145,000	130,000
Unsecured Loan Repaid Shri P.Palaniappan	-	-	180,000	235,000	-	-
Smt.P.Umayal	-	-	3,074,000	2,179,000	-	-
Others	-	-	-	-	1,550,000	-
Fixed Deposits Received Shri P.Palaniappan(HUF)	-	-	-	-	49,339,000	32,961,000
Others	-	-	-	-	2,610,000	6,558,000
Rendering of Services Supreme Yarn Spinners Ltd	471,406	49,880	-	-	-	-
Sale of Assets Smt.R.Geethanjali	-	-	-	-	15,100,000	-
Lease Rent Paid Supreme Yarn Spinners Ltd	15,000,000	12,750,000	-	-	-	-
Managerial Remuneration Shri P.Palaniappan	-	-	1,529,484	1,651,984	-	-
Smt.P.Umayal	-	-	1,518,326	1,509,360	-	-
Sitting Fees paid Smt.RM.Umaiya	-	-	-	-	10,000	10,000
Interest Paid on Unsecured Loans Raja Yarns Private Limited	9,189,120	10,047,208	-	-	-	-
Supreme Yarn Spinners Limited	45,223	-	-	-	-	-
Shri P.Palaniappan	-	-	63,854	43,814	-	-
Smt.P.Umayal	-	-	656,256	709,920	-	-
Others	-	-	-	-	61,872	156,953
Repayment of Fixed Deposits Shri P.Palaniappan(HUF)	-	-	-	-	43,331,000	15,000,000
Shri MC.Ramasamy(HUF)	-	-	-	-	1,895,000	1,365,000
Others	-	-	-	-	528,000	336,000
Interest Paid on Fixed Deposits Shri P.Palaniappan(HUF)	-	-	-	-	4,438,840	3,254,639
Shri MC.Ramasamy(HUF)	-	-	-	-	201,210	173,719
Others	-	-	-	-	57,242	48,528
Outstanding payables as on 30th June Raja Yarns Private Limited	91,167,500	86,424,500	-	-	-	-
Supreme Yarn Spinners Limited	1,750,000	-	-	-	-	-
Shri P.Palaniappan	-	-	2,598,000	1,084,000	-	-
Smt.P.Umayal	-	-	10,200,000	11,715,000	-	-
Others	-	-	-	-	846,000	2,251,000
Shri P.Palaniappan(HUF)	-	-	-	-	43,326,000	37,318,000
Others	-	-	-	-	2,423,000	2,186,000
Outstanding Receivable as on 30th June	NIL	NIL	NIL	NIL	NIL	NIL



# SRI NACHAMMAI COTTON MILLS LIMITED

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## Additional Information To Financial Statements (Contd...)

Additional Information to Financial Statements (Continued)

		Rupees 30.06.2014	Rupees 30.06.2013
<b>18 Lease Disclosure (AS-19)</b>			
a)	The Company has taken the entire Fixed Assets of Supreme Yarn Spinners Limited under cancelable operating lease, which are normally renewed on expiry.		
b)	Future minimum lease rent payable is as follows:		
	Not later than one year	50,00,000	62,50,000
	Later than one year but not more than 5 years	—	—
	More than 5 years	—	—
<b>19 Earnings Per Share (AS-20)</b>			
	Net Profit after tax	26,091,463	35,436,637
	Weighted average No. of Equity Shares	4,286,400	4,286,400
	Nominal value of shares	10	10
	Basic and diluted Earnings per share	6.09	8.27
<b>20 Deferred Tax Liability / (Asset) (AS-22)</b>	Opening As on 01.07.2013	Adjustments for the year	Closing As on 30.06.2014
<b>Deferred Tax Liability</b>			
On Depreciation	24,806,539	3,138,332	21,668,207
<b>Deferred Tax Asset</b>			
On account of carry forward of Losses	44,956,024	(12,148,477)	32,807,547
<b>Net Deferred Tax Liability/(Asset)</b>	<u>20,149,485</u>	<u>(15,286,809)</u>	<u>11,139,340</u>
<b>21 Disclosure as required under listing agreement</b>			
	Statement of loans and advances to associates: (As required under Clause 32 of listing agreement with the Stock Exchange)		
	To associates: Rs. NIL		
<b>22</b>	(a) There are no derivative financial instruments either for hedging or for speculation outstanding as at the Balance Sheet date.		
	(b) Foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:		

### In terms of our report of even date

For **M.S.JAGANNATHAN & VISVANATHAN**  
Chartered Accountants  
FRN 001209S

### M.J.VIJAYARAGHAVAN

Partner  
M.No.7534

Salem  
21st August, 2014

### P.PALANIAPPAN

Chairman cum Managing Director  
Din. 01577805

### P.UMAYAL

Joint Managing Director  
Din. 00110260

### PERUMAL MADHAVAGOPAL

Director  
Din. 00363963



# SRI NACHAMMAI COTTON MILLS LIMITED

Registered Office: 30, Sugavaneswara Road, Balaji Nagar, SALEM 636 004.

CIN No. L17115TZ1980PLC000916

## ATTENDANCE SLIP - AGM on 10<sup>th</sup> December, 2014

Folio No. .... DP ID No. .... Client ID No. ....

Name of the Member ..... Signature .....

Name of the Proxy holder ..... Signature .....

I/we hereby record my presence at the Annual General Meeting to the Company to be held on Wednesday, December 10th, 2014 at 10.15 A.M at Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL.

Form No. MGT - 11

### PROXY FORM

(Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014)

CIN No	L17115TZ1980PLC000916	Name of the Shareholder	
Name of the Company	Sri Nachammai Cotton Mills Limited	Registered Address	
Registered Office :	30, Sugavaneswara Road, Balaji Nagar, Salem - 636 004.	E-mail ID	
		Folio No/Client ID	
		DP ID	
Name of the Shareholder		Name of the Shareholder	
Registered Address		Registered Address	
E-mail ID		E-mail ID	
Folio No/Client ID		Folio No/Client ID	
DP ID		DP ID	

my/our proxy to attend and vote for me/us behalf at the 34th Annual General Meeting of the Company, be held on Wednesday the 10th December, 2014 at 10.15 A.M at Hotel Sarathy Classic, 8/3, Park Street, Fairlands, Salem - 636 016 and at any adjournment thereof in respect of such resolutions as are indicated below: Put a tick mark for the resolutions (✓)

	Resolutions — Ordinary Business	Yes	No
1.	To consider and adopt the Audited Balance Sheet as at 30 <sup>th</sup> June 2014, Report of Board of Directors and Auditors thereon		
2.	To Appoint a Director in the place of Smt. RM.UmaiyaI who retires by Rotation		
3.	To appoint Auditors and fix their remuneration		
	<b>Special Business</b>		
4.	Re-appointment of Sri P.Palaniappan, as Chairman cum Managing Director		
5.	Re-appointment of Smt. P.Umayal, Joint Managing Director		
6.	Appointment of Sri PL.Subbiah, as an Independent Director		
7.	Appointment of Sri Perumal Madhavagopal, as an Independent Director		
8.	Appointment of Sri A.Alagappan, as an Independent Director		
9.	Appointment of Sri S.Ravichandran, as an Independent Director		
10.	Appointment of Smt. Shantha Radhakrishnan, as an Independent Director		
11.	Appointment of Smt. Vasantha, as a Director		

Signed this ..... day of ..... 2014.

Signature of the Shareholder :

Signature of Proxy holder(s) :

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

Affix  
Re. 1  
Revenue  
Stamp

**BOOK - POST**

TO

If undelivered, please return to :  
**SRI NACHAMMAI COTTON MILLS LIMITED,**  
Registered Office : 30, Sugavaneswara Road,  
Balaji Nagar, Salem - 636 004.